AAC ACOUSTIC TECHNOLOGIES HOLDINGS INC.

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2018)

INTERIM RESULTS ANNOUNCEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of AAC Acoustic Technologies Holdings Inc. (the "**Company**") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30th June, 2008 together with the unaudited comparative figures for the corresponding period in 2007. These interim financial statements have not been audited, but have been reviewed by the auditors, Deloitte Touche Tohmatsu, and the Company's audit committee (the "**Audit Committee**").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2008

	NOTES	1.1.2008 to 30.6.2008 (Unaudited) RMB'000	1.1.2007 to 30.6.2007 (Unaudited) RMB'000
Turnover	3	**1,164,739**	801,805
Cost of goods sold		**(666,003)**	(428,791)
Gross profit		**498,736**	373,014
Other income		**25,959**	13,677
Fair value gain on foreign exchange linked notes		**1,335**	2,543
Distribution and selling expenses		**(52,509)**	(54,030)
Administrative expenses		**(66,795)**	(82,889)
Research and development costs		**(50,167)**	(34,686)
Finance costs		**(5,983)**	(301)
Profit before taxation	4	**350,576**	217,328
Taxation	5	**(16,579)**	(27,052)
Profit for the period		**333,997**	190,276
Attributable to:			
Equity holders of the Company		**333,368**	192,614
Minority interests		**629**	(2,338)
		333,997	190,276
Earnings per share — Basic	6	**RMB27.07 cents**	RMB15.46 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2008

	NOTES	**30.6.2008** **(Unaudited)** **RMB'000**	31.12.2007 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	7	**1,180,591**	833,811
Goodwill		**3,655**	3,655
Prepaid lease payments		**65,950**	36,026
Foreign exchange linked notes		**86,967**	85,632
Deposits made on acquisition of property, plant and equipment		**63,951**	123,118
Intangible assets		**33,549**	31,732
		1,434,663	1,113,974
Current assets			
Inventories		**304,615**	271,029
Trade and other receivables	8	**719,008**	762,226
Amounts due from related companies		**17,962**	—
Amount due from a minority shareholder of a subsidiary		**10,544**	11,503
Taxation recoverable		**2,181**	2,200
Restricted bank deposits		**9,524**	26,278
Bank balances, deposits and cash		**1,046,933**	1,024,538
		2,110,767	2,097,774
Current liabilities			
Trade and other payables	9	**411,895**	414,921
Amounts due to related companies		**22,414**	2,195
Taxation payable		**17,185**	24,327
Short-term bank loans	10	**229,513**	182,330
		681,007	623,773
Net current assets		**1,429,760**	1,474,001
Net assets		**2,864,423**	2,587,975

	NOTES	30.6.2008 (Unaudited) RMB'000	31.12.2007 (Audited) RMB'000
Capital and reserves			
Share capital	11	**99,718**	100,530
Reserves		**2,753,810**	2,476,806
Equity attributable to equity holders of the Company		**2,853,528**	2,577,336
Minority interests		**10,895**	10,639
Total equity		**2,864,423**	2,587,975

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2007.

In the current period, the Group acquired certain assets and liabilities from a related party (see note 12). The accounting policy adopted is as follows:

Assets and liabilities acquired from shareholders

Assets and liabilities acquired from shareholders are recognised at their fair values at the acquisition date. Discount arising on acquisition of the assets and liabilities are recognised directly in equity in the period in which they arise.

In the current interim period, the Group has applied, for the first time, a number of new International Financial Reporting Standards ("IFRS"), amendments and interpretations (hereinafter collectively referred to as "new IFRSs"), which are effective for accounting periods beginning on 1st January, 2008. The adoption of these new IFRSs has had no material effect on how the results and financial position for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Improvements to IFRS[1]
IAS 1 (Revised)	Presentation of financial statements[2]
IAS 23 (Revised)	Borrowing costs[2]
IAS 27 (Revised)	Consolidated and separate financial statements[3]
IAS 32 & IAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[2]
IAS 39 (Amendment)	Eligible hedged items[3]
IAS 1 & IAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate[2]
IFRS 2 (Amendment)	Vesting conditions and cancellations[2]
IFRS 3 (Revised)	Business combinations[3]
IFRS 8	Operating segments[2]
IFRIC 13	Customer loyalty programmes[4]
IFRIC 15	Agreements for construction of real estate[2]
IFRIC 16	Hedges of a net investment in a foreign operation[5]

1 Effective for annual periods beginning on or after 1st January, 2009 except for the amendments to IFRS 5, effective for annual periods beginning on or after 1st July, 2009.

2 Effective for annual periods beginning on or after 1st January, 2009.

3 Effective for annual periods beginning on or after 1st July, 2009.

4 Effective for annual periods beginning on or after 1st July, 2008.

5 Effective for annual periods beginning on or after 1st October, 2008.

The adoption of IFRS 3 (Revised) may affect the accounting for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. IAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The Directors anticipate that the application of other new, revised or amended standards and interpretations will have no material impact on the results and the financial position of the Group.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers during the period, net of discounts and sales related taxes.

Business segments

Over 90% of the Group's turnover, segment results and assets are attributable to the manufacture and sales of acoustic related products, thus business segment information is not presented.

Geographical segments

The Group's primary format for reporting segment information is geographical segments.

	1.1.2008 to 30.6.2008	1.1.2007 to 30.6.2007
	RMB'000	*RMB'000*
Turnover		
United States of America	**414,690**	331,095
Greater China	**210,158**	333,521
Asia (excluding Greater China)	**38,817**	51,612
Europe	**501,074**	85,577
	1,164,739	801,805
Results		
United States of America	**100,558**	84,242
Greater China	**16,734**	87,710
Asia (excluding Greater China)	**7,520**	9,718
Europe	**206,097**	20,890
	330,909	202,560
Other income	**11,156**	3,899
Interest income	**14,803**	9,778
Fair value gain on foreign exchange linked notes	**1,335**	2,543
Unallocated expenses	**(1,644)**	(1,151)
Finance costs	**(5,983)**	(301)
Profit before taxation	**350,576**	217,328
Taxation	**(16,579)**	(27,052)
Profit for the period	**333,997**	190,276

4. PROFIT BEFORE TAXATION

	1.1.2008 to 30.6.2008 *RMB'000*	1.1.2007 to 30.6.2007 *RMB'000*
Profit before taxation has been arrived at after charging:		
Allowance for doubtful debts	**3,124**	—
Amortisation of intangible assets	**2,946**	754
Depreciation	**57,938**	34,364
and after crediting:		
Gain on disposal of property, plant and equipment	**79**	—

5. TAXATION

	1.1.2008 to 30.6.2008 *RMB'000*	1.1.2007 to 30.6.2007 *RMB'000*
The charge comprises:		
Hong Kong Profits Tax	**—**	2
PRC Income Tax	**16,573**	27,044
Overseas taxation	**6**	6
	16,579	27,052

Pursuant to the relevant laws and regulations in the People's Republic of China (the "PRC"), certain PRC subsidiaries are entitled to exemption from PRC income tax for the two years commencing from their first profit making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC income tax for the following three years.

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law and the Implementation Regulation have changed the tax rate from 33% to 25% for the Group's subsidiaries from 1st January, 2008.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was RMB368,000,000. No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is possible that such differences will not reverse in the foreseeable future.

6. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30th June, 2008 is based on the profit for the period attributable to equity holders of the Company of RMB333,368,000 (for the six months ended 30th June, 2007: RMB192,614,000) and on the 1,231,441,000 (for the six months ended 30th June, 2007: 1,246,052,000) weighted average number of shares in issue during the period.

7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group made additions to property, plant and equipment of approximately RMB310 million (for the six months ended 30th June, 2007: RMB146 million) on acquisition of property, plant and equipment, including transfers from deposits of approximately RMB123 million (for the six months ended 30th June, 2007: RMB56 million).

8. TRADE RECEIVABLES AND NOTES RECEIVABLES

Payment terms with customers are mainly on credit. Invoices are normally payable from 45 days to 120 days of issuance. The Group may accept bank acceptance bills with maturities ranging from 30 days to 180 days at the end of the credit terms in lieu of payment. The following is an aged analysis of trade receivables and notes receivables at the balance sheet date:

	30.6.2008	31.12.2007
	RMB'000	*RMB'000*
Age		
Not yet due	**539,402**	568,156
Overdue 0–90 days	**97,780**	126,401
Overdue 91–180 days	**7,238**	—
	644,420	694,557

9. TRADE PAYABLES AND NOTES PAYABLES

The following is an aged analysis of trade payables and notes payables at the balance sheet date:

	30.6.2008	31.12.2007
	RMB'000	*RMB'000*
Age		
Not yet due	**260,921**	234,686
Overdue 0–90 days	**4**	1,872
Overdue 91–180 days	**58**	180
Overdue over 181 days	**718**	1,576
	261,701	238,314

10. SHORT-TERM BANK LOANS

During the period, the Group raised new short-term bank loans of RMB256 million (for the six months ended 30th June, 2007: RMB190 million) and made repayments of RMB198 million (for the six months ended 30th June, 2007: RMB10 million). The short-term bank loans are unsecured and carry interest ranging from 0.8% to 1.25% per annum over London Inter-bank Offered Rate (as at 31st December, 2007: 1.25% per annum over London Inter-bank Offered Rate).

11. SHARE CAPITAL

	Number of shares	Amount
		US$'000
Shares of US$0.01 each		
Authorised:		
Ordinary shares	4,975,000,000	49,750
Series A preferred shares	15,000,000	150
Series B preferred shares	10,000,000	100
At 1st January, 2008 and 30th June, 2008	5,000,000,000	50,000
Issued and fully paid:		
Ordinary shares at 1st January, 2008	1,238,000,000	12,380
Shares repurchased and cancelled	(10,000,000)	(100)
Ordinary shares at 30th June, 2008	1,228,000,000	12,280
		RMB'000
Shown in the balance sheet at 1st January, 2008		100,530
Share repurchased and cancelled		(812)
At 30th June, 2008		99,718

During the period, the Company repurchased 10,000,000 of its issued ordinary shares for a total consideration of RMB65,571,000. The ordinary shares repurchased were cancelled and have been debited to the share capital and share premium account.

12. ACQUISITION OF A SUBSIDIARY

During the period, the Group acquired the entire paid-in capital of 深圳市美歐電子有限責任公司 (Shenzhen Meiou Electronics Co., Ltd.) ("**Shenzhen Meiou**") from a company in which a close family member of a substantial shareholder has beneficial interest. Total consideration paid for the acquisition was RMB120,000,000 which was determined based on the net asset value of Shenzhen Meiou at the date of acquisition. At date of acquisition, Shenzhen Meiou was not engaged in any business activity and therefore the acquisition was accounted for as acquisition of assets.

The difference between total consideration paid and the fair value of the net assets acquired of RMB23,391,000 was deemed as capital contribution from the substantial shareholder and credited against capital reserve.

The net assets acquired at the date of acquisition were as follows:

	Book value	Fair value adjustment	Fair value
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	82,678	12,519	95,197
Prepaid lease payments	8,244	14,528	22,772
Other receivables	40,008	—	40,008
Bank balances and cash	2,442	—	2,442
Other payables	(17,028)	—	(17,028)
	116,344	27,047	143,391
Discount on acquisition			(23,391)
			120,000
Net cash outflow arising on acquisition			
Cash consideration			120,000
Balance of consideration payable to a related company			(18,760)
Balance of consideration payable to a third party			(1,240)
Cash and cash equivalents acquired			(2,442)
Net outflow of cash and cash equivalents arising on acquisition			97,558

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

As one of the world's leading manufacturers of miniature acoustic components, our Company designs, manufactures and distributes a comprehensive suite of receivers, speakers, speaker modules, multi-function devices, microphones, transducers, miniature vibrators, speaker boxes with antenna, and headsets for the use in mobile handsets (including smart phones), game consoles, notebook computers and other consumer electronics devices such as MP3 players and MP4 players.

Market Review

During the first half of 2008, our revenue increased due to the ramp up of product platforms for several new key customers. Our market share within the mobile handset industry continued to increase as a result of our effort in expanding our production capacity, increasing the number of platforms/ components available to our existing customers, as well as bringing in new global customers. We are encouraged with the progress we have made so far with the new customers. Further, we plan to expand our customer base to include customers from other consumer electronic industries such as game consoles, notebooks and MP3 and MP4 players have been progressing as well.

The growth in the demand for smart phone has been promising during the past six months. Our Company has been successful in delivering various components to smart phone customers. This market trend has caused an increase in demand and expectation for quality acoustic performances, including the use of noise-cancellation technology, which requires a more than 1:1 ratio for speakers and microphones per handset. We are expecting the smart phone business to become a significant portion of our total sales.

Our research and development department made significant progress during the first half of 2008. We have received additional patents and making our total to 60 patents. As of 30th June, 2008, we have filed another 111 patent applications which are pending for approval.

Financial Review

Our revenue for the six months ended 30th June, 2008 was RMB1,164.7 million, representing an increase of RMB362.9 million, or 45.3%, compared to corresponding period of representing 2007. Overall gross margin was 42.8% for the six months ended 30th June, 2008, compared with 46.5% for the corresponding period of 2007. Net profit attributable to equity holders of the Company was RMB333.4 million for the six months ended 30th June, 2008 compared with RMB192.6 million for the corresponding period of 2007. Basic earnings per share was RMB27.07 cents, representing an increase of 75.1% from RMB15.46 cents for the corresponding period of 2007.

Gearing Ratio

The gearing ratio of the Group, computed by dividing the short-term bank loans by the total assets, as at 30th June, 2008 was 6.5% compared with 5.7% as at 31st December, 2007.

Indebtedness

As of 30th June, 2008, the Group had RMB229.5 million short-term bank loans compared with RMB182.3 million as at 31st December, 2007.

Liquidity and Financial Resources

As at 30th June, 2008, the Group had RMB1,046.9 million in cash and cash equivalents. In addition, the Group had restricted short-term bank deposits of RMB9.5 million. The Group had no long-term debt as at 30th June, 2008. The management believes the Group's current cash and cash equivalents, together with available credit facilities and expected cash flow from operations, will be sufficient to satisfy the current operational requirements capital of the Group.

Foreign Exchange

The majority of the Group's sales, purchases and operating expenses were denominated in RMB, US dollars, Japanese yen, Hong Kong dollars and Euro. The Board believes that the Group has been and will continue to be exposed to foreign currency exchange risks. The Group does not have a formal hedging policy. Management closely monitors such risks and will consider hedging significant foreign currency exposure should the need arise. The Group has entered into foreign exchange linked contracts to minimise the effect of exchange rate fluctuations between RMB and the US dollars.

Charges on Group Assets

As at 30th June, 2008, no Group asset was under charge to any financial institution.

Material Acquisition or Disposals of subsidiaries and Associated Company

In January 2008, the Group completed its acquisition of the entire paid-in capital of 深圳市美歐電子有限責任公司 (for identification purpose only, in English, Shenzhen Meiou Electronics Co., Ltd.), a company which close family members of a substantial shareholder has beneficial interest in, for a total consideration of RMB120,000,000.

Investments in Technology and New Products

Future plans for investments will focus on MEMS technology (including MEMS microphones and MEMS accelerometers), ceramic technology (including speakers, antennas, motors and sensors), SMD microphones, digital microphones, linear, pancake and SMD vibrators as well as speaker box with antenna. We will also devote resources into the design and packaging of ASIC components including digital/analog and analog/digital converters and power amplifiers for miniature speakers. Other key focus areas include the technologies related to active noise- cancellation, super audio as well as the related digital processing methods and software development.

Employee Information

As at 30th June, 2008, the Group employed 13,339 permanent employees worldwide. Various training activities were provided to the employees for improving the quality of services as well as for ensuring the smooth and effective operation of the Group's business.

Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. The management regularly reviews the Group's remuneration policy and appraise work performance of its staff.

Employee remunerations include salaries, allowances, social insurance or mandatory pension fund. As required by PRC regulations, the Group participated in the social insurance schemes operated by the relevant local government authorities. The Group also participated in the mandatory pension fund and social insurance schemes for our employees in Hong Kong, the United States of America and Europe.

Dividends

The form, frequency and amount of future dividends on the shares of the Company will depend on the Group's earnings and financial position, results of operations, capital needs, plans for expansion and other factors as the Board may deem appropriate. The Board may recommend the amount of dividends to be declared and the declaration and payments of dividends will be determined by the shareholders in general meeting. The amount of dividends to be declared shall not be in excess of the amount recommended by the Board.

No dividends have been paid or declared by the Company for the six months ended 30th June, 2008.

Prospects

With a much more diversified customer base, we are well-positioned for strong growth for the rest of 2008 and beyond. We are well-known for our superior research and development capabilities as well as our ability to achieve accelerated launching and mass production of new product platforms due to the flexibility brought about by our semi-automated manufacturing processes and fully vertically-integrated production model. Ultimately, our goal is to become the world's leading solutions provider of a large variety of miniature components for use in different kinds of consumer electronic devices.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30th June, 2008, we repurchased 10,000,000 shares through the Stock Exchange of Hong Kong Limited. The above shares were cancelled upon repurchase.

Save as disclosed above, none of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2008.

CORPORATE GOVERNANCE

During the six months ended 30th June, 2008, the Company has complied with the code provisions of the "Code on Corporate Governance Practices" (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of listed issuers contained in Appendix 10 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Model Code**").

All Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the six months ended 30th June, 2008.

AUDIT COMMITTEE

The Board has established an Audit Committee on 16th April, 2005. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group.

The Audit Committee comprises two independent non-executive Directors, namely, Mr. Mok Joe Kuen Richard and Mr. Koh Boon Hwee and a non-executive Director, Ms. Ingrid Chunyuan Wu. Mr. Mok Joe Kuen Richard is the chairman of the Audit Committee.

The Audit Committee and the auditors of the Company, Deloitte Tohmatsu, have reviewed and discussed with the management regarding the Company's unaudited consolidated interim financial statements for the six months ended 30th June, 2008.

DEFINITIONS

"ASIC"	Application Specific Integrated Circuits which is an integrated circuit (IC) customized for a particular use, rather than intended for general-purpose use.
"MEMS"	MEMS is based on semiconductor technology which uses silicon to create pathways for electricity within components.
"SMD"	Surface Mount Device which is readily fed into a SMT production line.
"SMT"	Surface Mount Technology.

By order of the Board
AAC Acoustic Technologies Holdings Inc.
Koh Boon Hwee
Chairman

Hong Kong, 8th September, 2008

As at the date of this announcement, the Board comprises an executive Director, Mr. Benjamin Zhengmin Pan; three non-executive Directors, Ms. Ingrid Chunyuan Wu, Mr. Pei Kang and Dr. Thomas Kalon Ng, and three independent non-executive Directors, Mr. Koh Boon Hwee, Dr. Dick Mei Chang and Mr. Mok Joe Kuen Richard.