AAC ACOUSTIC TECHNOLOGIES HOLDINGS INC.

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2018)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2008

FINANCIAL HIGHLIGHTS

Revenue of the AAC Acoustic Technologies Holdings Inc. (the "**Company**" and together with its subsidiaries, collectively the "**Group**") for the year ended 31st December, 2008 amounted to RMB2,256.0 million, representing an increase of 15.6% from RMB1,952.2 million for the previous year. Profit attributable to equity holders of the Company for the year ended 31st December, 2008 amounted to RMB590.4 million, representing an increase of 7.1% from RMB551.1 million for the previous year.

RESULTS

The board of directors (the "**Board**") of the Company is pleased to announce the audited consolidated financial statements of the Group for the year ended 31st December, 2008 together with the comparative figures for the previous years.

CONDENSED CONSOLIDATED INCOME STATEMENT

For The Year Ended 31st December, 2008

	NOTES	2008 RMB'000	2007 RMB'000
Revenue	3	**2,256,022**	1,952,212
Cost of goods sold		**(1,315,537)**	(1,028,751)
Gross profit		**940,485**	923,461
Other income		**65,495**	26,089
Fair value (loss) gain on foreign exchange linked notes		**(4,709)**	6,344
Distribution and selling expenses		**(103,017)**	(117,314)
Administrative expenses		**(120,254)**	(117,916)
Research and development costs		**(123,418)**	(85,662)
Finance costs	4	**(10,026)**	(6,585)
Other expenses		**(28,315)**	(30,439)
Profit before taxation	5	**616,241**	597,978
Taxation	6	**(25,638)**	(49,936)
Profit for the year		**590,603**	548,042
Attributable to:			
Equity holders of the Company		**590,434**	551,133
Minority interests		**169**	(3,091)
		590,603	548,042
Earnings per share — Basic	8	**RMB48.01 cents**	RMB44.37 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 31st December, 2008

	NOTES	**2008** **RMB'000**	2007 RMB'000
Non-current assets			
Property, plant and equipment	*9*	**1,289,356**	833,811
Goodwill		**5,405**	3,655
Prepaid lease payments		**70,024**	36,026
Foreign exchange linked notes		**—**	85,632
Deposits made on acquisition of property, plant and equipment		**56,049**	123,118
Intangible assets		**29,126**	31,732
		1,449,960	1,113,974
Current assets			
Inventories		**295,762**	271,029
Trade and other receivables	*10*	**563,130**	762,226
Amount due from a minority shareholder of a subsidiary		**10,537**	11,503
Amounts due from related companies		**19,152**	—
Foreign exchange linked notes		**80,923**	—
Taxation recoverable		**2,118**	2,200
Pledged bank deposits		**16,624**	26,278
Bank balances and cash		**1,266,011**	1,024,538
		2,254,257	2,097,774
Current liabilities			
Trade and other payables	*11*	**365,766**	414,921
Amounts due to related companies		**9,777**	2,195
Taxation payable		**13,176**	24,327
Short-term bank loans	*12*	**200,295**	182,330
		589,014	623,773
Net current assets		**1,665,243**	1,474,001
Net assets		**3,115,203**	2,587,975

	2008	2007
	RMB'000	*RMB'000*
Capital and reserves		
Share capital	**99,718**	100,530
Reserves	**3,008,050**	2,476,806
Equity attributable to equity holders of the Company	**3,107,768**	2,577,336
Minority interests	**7,435**	10,639
Total equity	**3,115,203**	2,587,975

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31st December, 2008

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied, for the first time, the following new amendments and interpretations ("new IFRSs"), which are effective for the Group's financial year beginning 1st January, 2008.

IAS 39 & IFRS 7 (Amendments)	Reclassification of financial assets
IFRIC 11	IFRS 2 — Group and treasury share transactions
IFRIC 12	Service concession arrangements
IFRIC 14	IAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the new IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Improvements to IFRSs[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 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[2]
IAS 39 (Amendment)	Eligible hedged items[3]
IFRS 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 7 (Amendment)	Improving disclosures about financial instruments[2]
IFRS 8	Operating segments[2]
IFRIC 9 & IAS 39 (Amendments)	Embedded derivatives[4]
IFRIC 13	Customer loyalty programmes[5]
IFRIC 15	Agreements for the construction of real estate[2]
IFRIC 16	Hedges of a net investment in a foreign operation[6]
IFRIC 17	Distributions of non-cash assets to owners[3]
IFRIC 18	Transfer of assets from customers[7]

1 Effective for annual periods beginning on or after 1st January, 2009 except 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 ending on or after 30th June, 2009.

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

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

7 Effective for transfers received on or after 1st July, 2009.

The adoption of IFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the Group's annual reporting period beginning on or after 1st January, 2010. IAS 27 (revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

Business segments

Over 90% of the Group's revenue, 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 following table provides an analysis of the Group's revenue by location of customers, irrespective of the origin of the goods and are the basis on which the Group reports its primary segment information:

	2008	2007
	RMB'000	*RMB'000*
Revenue		
— America	**833,146**	938,547
— Greater China*	**404,037**	389,541
— Europe	**888,168**	547,504
— Asia (excluding Greater China)	**130,671**	76,620
	2,256,022	1,952,212

* *Majority of the revenue from Greater China were derived from People's Republic of China (PRC).*

	2008	2007
Results		
Segment results		
— America	**174,538**	247,163
— Greater China	**26,174**	94,219
— Europe	**347,134**	219,005
— Asia (excluding Greater China)	**21,199**	15,964
	569,045	576,351
Other income	**35,752**	6,488
Interest income	**29,743**	19,601
Fair value (loss) gain on foreign exchange linked notes	**(4,709)**	6,344
Unallocated expenses	**(3,564)**	(4,221)
Finance costs	**(10,026)**	(6,585)
Profit before taxation	**616,241**	597,978
Taxation	**(25,638)**	(49,936)
Profit for the year	**590,603**	548,042

The goods sold to various geographical markets were principally produced from the same production facilities located in the PRC, therefore, analysis of assets and liabilities and capital addition by location of assets are not presented.

The following is an analysis of the Group's carrying amount of segment assets and liabilities analysed by the location of customers:

	2008	2007
	RMB'000	*RMB'000*
Segment assets		
— America	**822,312**	835,308
— Greater China	**505,557**	641,874
— Europe	**857,401**	522,534
— Asia (excluding Greater China)	**153,271**	73,384
	2,338,541	2,073,100
Unallocated	**1,365,676**	1,138,648
	3,704,217	3,211,748
Segment liabilities		
— America	**178,538**	206,727
— Greater China	**54,513**	94,491
— Europe	**120,468**	101,145
— Asia (excluding Greater China)	**22,024**	14,753
	375,543	417,116
Unallocated	**213,471**	206,657
	589,014	623,773

Other information

	2008	2007
	RMB'000	*RMB'000*
Capital additions		
— America	**250,718**	154,957
— Greater China	**110,785**	78,136
— Europe	**255,456**	91,666
— Asia (excluding Greater China)	**37,558**	8,883
	654,517	333,642
Depreciation and amortisation		
— America	**57,845**	41,275
— Greater China	**22,113**	21,580
— Europe	**43,503**	16,458
— Asia (excluding Greater China)	**9,312**	2,474
	132,773	81,787
Allowance for bad and doubtful debts		
— America	**6,068**	—
— Greater China	**—**	835
	6,068	835
Loss on disposal of property, plant and equipment		
— Greater China	**4,840**	937
Fair value loss (gain) on foreign exchange linked notes		
— Unallocated	**4,709**	(6,344)

4. FINANCE COSTS

	2008	2007
	RMB'000	*RMB'000*
Interest on bank borrowings wholly repayable within five years	**10,086**	6,594
Less: Interest capitalised in construction in progress	**(60)**	(9)
	10,026	6,585

5. PROFIT BEFORE TAXATION

	2008	2007
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging:		
Directors' emoluments	**3,564**	2,277
Other staff's retirement benefits scheme contributions	**25,103**	26,150
Other staff costs	**522,097**	437,990
Total staff costs	**550,765**	466,417
Less: Staff costs included in research and development costs	**(51,140)**	(37,310)
	499,625	429,107
Depreciation	**126,126**	77,144
Less: Depreciation included in research and development costs	**(17,225)**	(10,048)
	108,901	67,096
Amortisation of development expenditure, included in cost of goods sold	**6,647**	4,643
Allowance for bad and doubtful debts	**6,068**	835
Auditor's remuneration	**2,028**	1,944
Cost of inventories recognised as expense	**1,315,537**	1,028,751
Loss on disposal of property, plant and equipment	**4,840**	937
Net exchange loss	**17,407**	28,667
Operating lease rentals in respect of		
— building premises	**18,880**	18,484
— prepaid lease payments	**1,295**	768
and after crediting:		
Discount on acquisition of additional interests in a subsidiary	**2,477**	—
Government subsidies*	**30,862**	1,932
Interest income	**29,743**	19,601
Reversal of allowance for bad and doubtful debts	**1,865**	—

* *The amount mainly represents the incentive subsidies granted by the PRC local authorities to the Group for engaging in high technology business and for reinvestment in its PRC subsidiaries. All the grants were approved and received during the year.*

6. TAXATION

	2008	2007
	RMB'000	*RMB'000*
The charge comprises:		
PRC income tax	**25,183**	51,129
Other taxation	**914**	88
Overprovision of taxation in prior years	**(459)**	(1,281)
	25,638	49,936

Pursuant to the relevant laws and regulations in the PRC, certain of the Group's PRC subsidiaries are entitled to exemption from PRC income tax for 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 ("Tax Holiday"). The Tax Holiday will expire gradually up to 2011.

On 16th March, 2007, the PRC promulgated the Law of the People's Republic of China 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 Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for certain PRC subsidiaries from 1st January, 2008. PRC subsidiaries which are entitled to the Tax Holiday, as mentioned above, will continue to enjoy the preferential tax treatment until expiration, on effect of the New Law.

Other taxation is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year is reconciled to the profit before taxation as follows:

	2008	2007
	RMB'000	*RMB'000*
Profit before taxation	**616,241**	597,978
Tax at the applicable income tax rate *(note)*	**154,060**	143,515
Tax effect of income not taxable for tax purposes	**(10,215)**	(3,256)
Tax effect of expenses not deductible for tax purposes	**18,179**	15,633
Tax effect of Tax Holiday	**(136,077)**	(95,528)
Tax effect of tax losses not recognised	**4,758**	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(6,063)**	(9,267)
Overprovision in prior years	**(459)**	(1,281)
Others	**1,455**	120
Tax charge for the year	**25,638**	49,936

Note: The PRC Enterprise Income Tax rate of 25% (2007: 24%) is the domestic tax rate in the jurisdiction where the operations of the Group are substantially based.

No deferred tax liability has been recognised in respect of temporary differences associated with undistributed earnings of subsidiaries 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.

7. DIVIDENDS

Subsequent to the balance sheet date, the final dividend of HK10.9 cents has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 31st December, 2008 is based on the profit for the year attributable to equity holders of the Company of RMB590,434,000 (2007: RMB551,133,000) and on the weighted average number of ordinary shares of 1,229,711,497 shares in issue during the year (2007: 1,241,992,668 shares).

No diluted earnings per share is presented as there were no potential dilutive ordinary shares outstanding during both years.

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group made additions to property, plant and equipment of approximately RMB553 million (2007: RMB291 million) on acquisition of property, plant and equipment, including transfers from deposits of approximately RMB123 million (2007: RMB56 million).

10. TRADE AND OTHER RECEIVABLES

	2008	2007
	RMB'000	*RMB'000*
Trade receivables	**455,861**	668,757
Bank acceptance bills	**1,326**	25,800
	457,187	694,557
Advanced payment to suppliers	**16,301**	22,978
Loan receivables	**50,000**	—
Other receivables	**39,642**	44,691
	563,130	762,226

The loan receivable represents a loan advanced by the Group to an independent third party during the year. The loan bears interest at 4.7% per annum, is repayable within one year and is secured by a guarantee from a bank. Other receivables are unsecured, interest-free and are repayable on demand. In the opinion of the directors, the other receivables and loan receivables are recoverable within one year from the balance sheet date.

Payment terms with customers are mainly on credit. Invoices are normally payable from 45 days to 120 days of issuance. The Group accepts bank acceptance bills with maturities ranging from 30 to 90 days at the end of the credit terms in lieu of immediate cash payment. The following is an aging analysis of trade receivables and bank acceptance bills at the balance sheet date:

	2008	2007
	RMB'000	*RMB'000*
Age		
Not yet due	**387,247**	568,156
Overdue 0–90 days	**66,028**	126,401
Overdue 91–180 days	**3,052**	—
Overdue over 180 days	**860**	—
	457,187	694,557

Management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality. Included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB69,940,000 (2007: RMB126,401,000) which are past due at the reporting date. The Group based on historical experience considers the amounts which have past due and which allowances has not been provided to be of good credit quality and are generally recoverable. The Group does not hold any collateral over these balances.

The following is an aging analysis of trade receivables which are past due but not impaired:

	2008	2007
	RMB'000	*RMB'000*
Overdue 0–90 days	**66,028**	126,401
Overdue 91–180 days	**3,052**	—
Overdue over 180 days	**860**	—
Total	**69,940**	126,401

The following is a movement in the allowance for bad and doubtful debts account:

	2008	2007
	RMB'000	*RMB'000*
Balance at beginning of the year	**5,685**	4,956
Currency realignment	**(147)**	(89)
Allowance for bad and doubtful debts	**6,068**	835
Reversal of allowance for bad and doubtful debts	**(1,865)**	—
Amounts written off	**—**	(17)
Balance at end of the year	**9,741**	5,685

Allowances are recognised based on the Group's historical experience, aging analysis and internal assessment of the recoverability of the debt.

The Group's trade receivables which are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2008	2007
	RMB'000	*RMB'000*
US$	**17,957**	397,242
EURO	**43,105**	6,537
Others	**20,177**	—

11. TRADE AND OTHER PAYABLES

	2008	2007
	RMB'000	*RMB'000*
Trade payables	**168,156**	194,112
Notes payables — secured	**58,209**	44,202
	226,365	238,314
Payroll and welfare payables	**67,909**	79,542
Consideration payable for acquisition of subsidiaries	**2,040**	—
Other payables	**69,452**	97,065
	365,766	414,921

Other payables are unsecured, interest-free and have no fixed repayment terms.

An aging analysis of trade payables and notes payables is as follows:

	2008	2007
	RMB'000	*RMB'000*
Age		
Not yet due	**220,921**	234,686
Overdue 0–90 days	**159**	1,872
Overdue 91–180 days	**82**	180
Overdue over 180 days	**5,203**	1,576
	226,365	238,314

The Group's trade payables which are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2008	2007
	RMB'000	*RMB'000*
US$	**205**	1,783
HK$	**453**	834
Japanese Yen	**18,631**	5,117
Others	**416**	—

12. SHORT-TERM BANK LOANS

The short-term bank loans are denominated in US$, which is not the functional currency of the relevant group entities holding such short-term bank loans, are unsecured and carry interest ranging from 0.8% to 1.25% per annum over London Inter-bank Offered Rate ("LIBOR") (as at 31st December, 2007: 1.25% per annum over LIBOR).

13. ACQUISITION OF A SUBSIDIARY/BUSINESS

(a) Acquisition of a subsidiary

During the year, 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 certain companies in which close family members of certain substantial shareholders have 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 and assumed liabilities.

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
Amount due from a shareholder	26,437	—	26,437
Other receivables	13,571	—	13,571
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			(1,240)
Cash and cash equivalents acquired			(2,442)
Net outflow of cash and cash equivalents arising on acquisition			116,318

(b) Acquisition of a business

In August 2008, the Group acquired 51% of the issued share capital of 北京東微世紀科技有限公司 ("Beijing Technology") for a consideration of RMB1,750,000 from an independent third party and has also agreed to contribute RMB8,000,000 into Beijing Technology. Beijing Technology is engaged in development and sales of high-performance mixed-signal integrated circuits.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	RMB'000
Net assets acquired:	
Property, plant and equipment	226
Inventories	687
Trade and other receivables	392
Bank balances and cash	4
Trade and other payables	(608)
	701
Minority interests	(701)
Goodwill	1,750
	1,750
Net cash outflow arising on acquisition:	
Cash consideration	1,750
Balance of consideration payable to a third party	(800)
Cash and cash equivalents acquired	(4)
Net outflow of cash and cash equivalents arising on acquisition	946

The carrying values of the net assets of Beijing Technology before the combination approximated their fair values, accordingly no fair value adjustments were made.

The goodwill is attributable to the anticipated profitability arising from the distribution of the Group's products in the new markets and the future operating synergies from the combination.

Beijing Technology contributed a profit of RMB238,000 for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed in the beginning of the year, based on the unaudited management accounts of the subsidiary, the impact on the Group's revenue and profit for the year would have been insignificant.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

We are one of the world's leading manufacturers of miniature acoustic components. The Company designs, manufactures and distributes a comprehensive suite of receivers, speakers, speaker modules, multi-function devices, microphones, transducers and headsets for using in mobile handsets, game consoles, notebook computers and other consumer electronics devices such as MP3 players and MP4 players. Besides continuous development of in-house intellectual properties, we also intend to strengthen our technology portfolio via acquisitions. Our management team is committed to seeking out appropriate acquisition targets all over the world which can help to further strengthen the Company's existing technology base. In 2008, we acquired an ASIC design house which aids in the development of our acoustic-wireless solution strategy.

Market Review

2008 had been an exciting year. We continued to sustain stable revenue growth before the global financial tsunami which affected the 4th quarter mobile phone worldwide market. In spite of the worldwide economic downturn, the Company managed to sustain healthy financial performance for the fiscal year 2008.

The Company will continue to expand market reach to including notebooks, digital cameras and camcorders, MP3 and MP4 players. We will leverage on our existing technology platforms, and manufacturing know-how to extend our traditional business beyond acoustics. As such, the Company continues to invest in key technologies to facilitate this commitment.

The Company remains committed to leading technology advancement, and the development of in-house intellectual properties. In 2008, we have successfully obtained 43 additional patents bringing our portfolio to a total of 98 patents. In 2008, we filed another 161 patents pending, which brings to a total of 182 patents pending by the end of 2008.

Financial Review

We experienced a challenging year in 2008, but we still maintained a strong financial position as we generated RMB798.3 million in net cash flows from operations for the year ended 31st December, 2008. Revenue of the Group for the year ended 31st December, 2008 amounted to RMB2,256.0 million, representing an increase of 15.6% from RMB1,952.2 million for the previous year. Gross profit amounted to RMB940.5 million, representing an increase of 1.8% from RMB923.5 million for the previous year. Profit attributable to equity holders of the Company amounted to RMB590.4 million, representing an increase of 7.1% from RMB551.1 million for the previous year. Basic earnings per share amounted to RMB48.01 cents, representing an increase of 8.2% from RMB44.37 cents for the previous year.

Gearing Ratio

The gearing ratio of the Group, computed by dividing the short-term bank loans, by the total assets, as at 31st December, 2008 was 5.4% compared to 5.7% as at 31st December, 2007.

Indebtedness

As at 31st December, 2008, the Group had RMB200.3 million short-term bank loans compared with RMB182.3 million as at 31st December, 2007.

Liquidity, Financial Resources and Capital Structure

As at 31st December, 2008, the Group had RMB1,266.0 million in cash and cash equivalents. In addition, the Group had pledged short-term bank deposits of RMB16.6 million. The Group had no long-term debt as at 31st December, 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 capital requirements 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 risk. 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. From the year of 2006, the Group has entered into foreign exchange linked contracts to minimise the effect of exchange rate fluctuations between RMB and US dollars.

Charges on Group Assets

As at 31st December, 2008, none of the Group's assets was charged to any financial institution (2007: Nil).

Material Acquisitions or Disposals of Subsidiaries and Associated Company

In January 2008, the Group completed its acquisition of the entire paid-in capital of Shenzhen Meiou, a company which close family members of a substantial shareholder has beneficial interest in, for a total consideration of RMB120,000,000.

In August 2008, the Group acquired 51% of the issued share capital of Beijing Technology for a consideration of RMB1,750,000 from an independent third party.

Save as disclosed in this announcement, the Group had no material acquisition or disposal of any subsidiaries and associated companies for the year ended 31st December, 2008.

Investments in Technology and New Products

Future plans for investments will focus on MEMS technology (microphones and accelerometers). These research investments include the design, and packaging of MEMS (including use of Low Temperature Co-fired Ceramic materials) as well as technologies related to active noise-cancellation, sound projection, related digital processing methods and software development.

We continue our focus on further investments in Low Temperature Co-fired Ceramic technology for speakers, haptic vibrators, Radio Frequency (RF) antenna, Band Pass Filters (BPF), Light Emitting Diode (LED) packaging, MEMS packaging and RF module substrates. With these investments, we will be able to bridge the technology gap to embed ceramic wireless antenna and BPF directly onto a substrate for a more complete acoustic-wireless module product solution, increasing the Company's total available market value and accessibility.

Employee Information

As at 31st December, 2008, the Group employed 9,928 (2007: 10,762) permanent employees. 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 appraises the work performance of its staff.

Employee remuneration includes salaries, allowances, social insurance or mandatory pension fund. As required by the relevant regulations in the PRC, 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, Taiwan, USA and Europe.

Prospects

With a much more diversified customer and market base, we are well-positioned for stronger growth. Leverage on our strengths in research and development capabilities and our ability to ramp up new product platforms quickly, we are able to make use of our fully automated and semi-automated manufacturing processes to realize a fully vertically-integrated production model for increasingly complex acoustic-wireless solutions. We will drive ourselves to be qualified into both mobile handset customers as well as non-mobile handset customers such as companies that design and manufacture game consoles, notebook computers, and MP3 and MP4 players. We intend to go beyond acoustics and launch more non-acoustic miniature components in the near future. Ultimately, our goal is to become the world's leading acoustic-wireless solution provider with a large variety of miniature components for use in different kinds of consumer electronic devices.

DIVIDENDS

From time to time, the Company will consider its financial position, results of operations, debt repayment ability, capital expenditures, Group's earnings and other factors as the Board may deem appropriate. The Board may recommend the amount of dividends to be declared and the declaration and payment of dividends will be determined by the shareholders in general meeting.

The Board recommended the payment of a final dividend of HK10.9 cents per ordinary share in respect of the year ended 31st December, 2008. This represents a payout ratio of about 20% of the profit for the year.

CLOSURE OF REGISTER OF MEMBERS

The registers of the Company will be closed from 19th May, 2009 to 22nd May, 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and attending the forthcoming annual general meeting, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 18th May, 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, we repurchased 10 million shares of the Company. The above shares were cancelled upon repurchase.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year ended 31st December, 2008.

CORPORATE GOVERNANCE

From the date of the Listing to the date of this announcement, 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 of the Stock Exchange (the "**Listing Rules**").

The Company has adopted codes of conduct regarding securities transactions by the directors of the Company (the "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 Listing Rules (the "**Model Code**").

On specific enquiries made, all the Directors have confirmed that, in respect of the period from the date of the Listing to the date of this announcement, they have complied with the required standards as set out in the Model Code and the Company's code of conduct regarding the directors' securities transactions.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31st December, 2008 as set out in this 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 in this announcement.

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, Messrs. Deloitte Touche Tohmatsu, have reviewed and discussed with the management regarding the Company's audited consolidated financial statements for the year ended 31st December, 2008.

REMUNERATION COMMITTEE

The remuneration committee currently comprises of two independent non-executive Directors, namely Mr. Koh Boon Hwee and Dr. Dick Mei Chang, and one non-executive Director, namely Mr. Pei Kang who was appointed on 7th April 2009. Mr. Koh Boon Hwee is the chairman of the remuneration committee.

APPRECIATION

Finally, on behalf of the Board, I would like to express my gratitude to our management and staff for their hard work and dedication throughout the year.

DEFINITIONS

"MEMS"	Micro Electro Mechanical Systems ("MEMS") is based on semiconductor technology which uses silicon to create pathways for electricity within components
"ASIC"	Application Specific Integrated Circuits which is an integrated circuit (IC) customized for a particular use, rather than intended for general-purpose use.

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

Hong Kong, 7th April, 2009

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