瑞聲科技控股有限公司
AAC Technologies Holdings Inc.
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 02018)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2012

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of AAC Technologies Holdings Inc. (the "**Company**") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30th June, 2012 together with the unaudited comparative figures for the corresponding period in 2011. These condensed consolidated financial statements have not been audited, but have been reviewed by the auditor, Deloitte Touche Tohmatsu, and the Company's audit committee (the "**Audit Committee**") and approved by the Board on 24th August, 2012.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30th June, 2012

	NOTES	**1.1.2012 to 30.6.2012 (Unaudited) *RMB'000***	1.1.2011 to 30.6.2011 (Unaudited) *RMB'000*
Revenue	*3*	**2,589,163**	1,882,114
Cost of goods sold		**(1,463,501)**	(1,061,144)
Gross profit		**1,125,662**	820,970
Other income		**22,219**	35,031
Net fair value loss on foreign currency forward contracts		**(91)**	(15,472)
Distribution and selling expenses		**(75,947)**	(69,451)
Administrative expenses		**(88,287)**	(71,578)
Research and development costs		**(193,113)**	(142,090)
Share of results of associates		**(16,230)**	(3,397)
Exchange (loss) gain		**(1,040)**	1,513
Gain on deemed disposal of partial interest in an associate	*4*	**33,362**	-
Finance costs		**(4,844)**	(2,396)
Profit before taxation	*5*	**801,691**	553,130
Taxation	*6*	**(84,513)**	(44,660)
Profit for the period		**717,178**	508,470
Other comprehensive expense:			
Exchange differences arising from translation		**(203)**	(5,233)
Total comprehensive income for the period		**716,975**	503,237
Profit (loss) for the period attributable to:			
Owners of the Company		**720,298**	509,261
Non-controlling interests		**(3,120)**	(791)
		717,178	508,470
Total comprehensive income and expense for the period attributable to:			
Owners of the Company		**719,708**	503,883
Non-controlling interests		**(2,733)**	(646)
		716,975	503,237
Earnings per share - Basic	*8*	**RMB58.66 cents**	RMB41.47 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2012

	NOTES	**30.6.2012 (Unaudited) *RMB'000***	31.12.2011 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment	*9*	**3,151,491**	2,697,120
Goodwill		**11,803**	11,803
Prepaid lease payments		**114,247**	109,290
Deposits for acquisition of property, plant and equipment		**159,943**	123,428
Available-for-sale investment		**3,254**	3,254
Interests in associates		**199,014**	181,882
Intangible assets		**157,557**	162,144
		3,797,309	3,288,921
Current assets			
Inventories		**689,156**	558,780
Trade and other receivables	*10*	**1,822,878**	1,487,575
Foreign currency forward contracts		**-**	1,139
Taxation recoverable		**2,840**	2,868
Pledged bank deposits		**6,855**	874
Bank balances and cash		**1,211,073**	1,374,069
		3,732,802	3,425,305
Current liabilities			
Trade and other payables	*11*	**1,115,683**	898,742
Amounts due to related companies		**13,945**	19,656
Taxation payable		**82,706**	77,475
Foreign currency forward contracts		**410**	65
Short-term bank loans	*12*	**1,003,296**	891,128
		2,216,040	1,887,066
Net current assets		**1,516,762**	1,538,239
Total assets less current liabilities		**5,314,071**	4,827,160
Non-current liabilities			
Deferred tax liabilities		**15,329**	15,738
Net assets		**5,298,742**	4,811,422
Capital and reserves			
Share capital	*13*	**99,718**	99,718
Reserves		**5,144,419**	4,650,352
Equity attributable to owners of the Company		**5,244,137**	4,750,070
Non-controlling interests		**54,605**	61,352
Total equity		**5,298,742**	4,811,422

1. BASIS OF PREPARATION

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

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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2011.

In the current interim period, the Group has applied, for the first time, certain amendments to the International Financial Reporting Standards ("IFRSs") that are mandatorily effective for the current interim period. The application of the amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Operating and reportable segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments, assess their performance and make strategic decisions. The chief operating decision maker of the Group has been identified as the Chief Executive Officer ("CEO").

Information reported to the CEO for the purposes of resource allocation and assessment of performances focuses specifically on the type of products sold. The Group's operating and reportable segments under IFRS 8 are dynamic components (mainly including speaker boxes, receivers and polyphonic speakers), microphones, headsets and other products (mainly including vibrators), which represent the major types of products manufactured and sold by the Group.

3. SEGMENT INFORMATION – CONTINUED

An analysis of the Group's revenue and results by operating and reportable segments is as follows:

	1.1.2012 to 30.6.2012	1.1.2011 to 30.6.2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Operating and reportable segments		
Segment revenue		
Dynamic components	**2,000,765**	1,492,500
Microphones	**346,132**	175,370
Headsets	**44,572**	90,366
Other products	**197,694**	123,878
Revenue	**2,589,163**	1,882,114
Segment results		
Dynamic components	**939,091**	721,943
Microphones	**129,484**	61,554
Headsets	**5,788**	11,926
Other products	**51,299**	25,547
Total profit for operating and reportable segments - gross profit	**1,125,662**	820,970
Unallocated amounts:		
Interest income	**8,425**	14,599
Other income	**13,794**	20,432
Net fair value loss on foreign currency forward contracts	**(91)**	(15,472)
Distribution and selling expenses	**(75,947)**	(69,451)
Administrative expenses	**(88,287)**	(71,578)
Research and development costs	**(193,113)**	(142,090)
Share of results of associates	**(16,230)**	(3,397)
Exchange (loss) gain	**(1,040)**	1,513
Gain on deemed disposal of partial interest in an associate	**33,362**	-
Finance costs	**(4,844)**	(2,396)
Profit before taxation	**801,691**	553,130

No analysis of the Group's assets by operating and reportable segments is disclosed as such information is not regularly provided to the CEO for review.

Segment profit represents the profit earned by each segment without allocation of finance costs, interest income, administrative expenses, research and development costs, distribution and selling expenses, other income, share of results of associates, exchange (loss) gain, net fair value loss on foreign currency forward contracts and gain on deemed disposal of partial interest in an associate.

4. GAIN ON DEEMED DISPOSAL OF PARTIAL INTEREST IN AN ASSOCIATE

During the period, an associate of the Company issued new shares to other shareholders resulting in a dilution of the Group's equity interest in the associate from 26.7% to 20.5%. In spite of the dilution, because of the premium of the new shares issued, the Group's share of net assets in the associate increased from RMB67,709,000 to RMB101,071,000 and the increase in share of net assets of the associate was recognised in profit and loss as a gain on deemed disposal of partial interest in an associate.

5. PROFIT BEFORE TAXATION

	1.1.2012 to 30.6.2012	1.1.2011 to 30.6.2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	**8,255**	6,778
Allowance for obsolete inventories, included in cost of goods sold	**3,461**	-
Depreciation	**148,890**	109,876
Loss on disposal of property, plant and equipment, net	**307**	5,713

6. TAXATION

	1.1.2012 to 30.6.2012	1.1.2011 to 30.6.2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The charge comprises:		
PRC Income Tax	**68,979**	23,430
Overseas taxation	**15,534**	21,230
	84,513	44,660

Under the law of People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries are entitled to exemption from PRC Enterprise 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 ("Tax Holiday"). The Tax Holiday will expire by the end of 2012.

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 probable that such differences will not reverse in the foreseeable future.

7. DIVIDENDS

During the current interim period, a final dividend in respect of the year ended 31st December, 2011 of HK21.6 cents (2010 final dividend in respect of the year ended 31st December, 2010: HK23.7 cents) per share was paid to shareholders. The aggregate amount of the final dividend declared and paid in the interim period amounted to Hong Kong Dollars 265,248,000 (approximately RMB216,228,000).

Subsequent to the end of the interim period, the Directors have determined that an interim dividend of HK20.0 cents per share (2011 interim dividend: HK20.0 cents) will be paid to the shareholders of the Company.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30th June, 2012 is based on the profit for the period attributable to owners of the Company of RMB720,298,000 (for the six months ended 30th June, 2011: RMB509,261,000) and on the 1,228,000,000 (for the six months ended 30th June, 2011: 1,228,000,000) number of shares in issue during the period.

No diluted earnings per share are presented as none of the reporting periods had any potential ordinary shares outstanding.

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately RMB604 million (for the six months ended 30th June, 2011: RMB479 million). Part of the consideration of approximately RMB123 million (for the six months ended 30th June, 2011: RMB153 million) was settled through deposits paid in prior period.

10. TRADE AND OTHER RECEIVABLES

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 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 immediate cash payment. During the period, the Group has accepted such bills amounting to RMB60,041,000 (2011: RMB40,971,000). The following is an aged analysis of trade and bills receivables by age, presented based on the invoice date. The analysis below is net of allowance for doubtful debts.

	30.6.2012 ***RMB'000*** **(Unaudited)**	31.12.2011 *RMB'000* (Audited)
Age		
0-90 days	**1,254,607**	1,064,770
91-180 days	**99,238**	131,535
Over 180 days	**13,152**	22,878
	1,366,997	1,219,183

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables, presented based on the invoice date:

	30.6.2012	31.12.2011
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Age		
0 - 90 days	**732,869**	556,916
91 - 180 days	**106,962**	78,607
Over 180 days	**1,403**	946
	841,234	636,469

12. SHORT-TERM BANK LOANS

The Group's short-term bank loans, classified by their currencies denominations, are set out below:

	30.6.2012	31.12.2011
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
United States Dollars ("US$")	**636,522**	603,596
Japanese Yen ("JPY")	**366,774**	287,532
	1,003,296	891,128

These loans carry interest ranging from 0.59% to 1.75% per annum (as at 31st December, 2011: carry interest ranging from 0.55% to 1.13% per annum). The Company issued guarantees to the banks to secure the borrowings.

13. SHARE CAPITAL

	Number of shares	Amount
		US$'000
Shares of US$0.01 each		
Authorised:		
Ordinary shares at 1st January, 2012 and 30th June, 2012	**5,000,000,000**	**50,000**
Issued and fully paid:		
Ordinary shares at 1st January, 2012 and 30th June, 2012	**1,228,000,000**	**12,280**

	RMB'000
As at 1st January, 2012 and at 30th June, 2012	**99,718**

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

AAC is one of the world's foremost vertically integrated manufacturers of miniature technology components. Our Company designs, manufactures and distributes a comprehensive suite of receivers, speakers, speaker modules, multi-function devices, microphones, vibrators, headsets, optics, antennas and ceramic products.

Our components are designed for use in mobile handsets, tablets, game consoles, ultrabooks, notebook computers and other consumer electronics devices such as electronic book-readers and MP4 players. Our innovative technology design solutions cover wide ranging applications in different markets such as mobile telecommunications, consumer electronics, home appliances, automobile and medical.

We will continue to deploy meaningful research and development resources on initiatives in the technology segments we have targeted, with the objective to develop and strengthen our intellectual property portfolio. Our management team is committed to identify and evaluate appropriate opportunities in forming alliances, investing or mergers and acquisitions in global technologies companies that will further reinforce the Company's existing technology capabilities.

MARKET REVIEW

Consolidation in the mobile devices market continues and the market share of individual OEMs are constantly being reshuffled. However, the overall market itself continues to grow, and in particular, the smart phone and tablet segments show even stronger growth momentum, and their share of the overall market is increasing. These two segments demand enhanced built-in functionality, and the Company's design and production capabilities have allowed us to provide the high performance specifications required of the components demanded by our customers. As a result, the Company was able to deliver strong growth and financial results for the six months ended 30th June, 2012.

FINANCIAL REVIEW

Our strong performance in the first half of this year generated RMB609.5 million in net cash flow from operations. Revenue of the Group for the six months ended 30th June, 2012 amounted to RMB2,589.2 million, an increase of RMB707.1 million, or 37.6%, compared with the first half of 2011. Gross profit of RMB1,125.7 million was RMB304.7 million, or 37.1%, higher than the first half of 2011. Profit attributable to owners of the Company amounted to RMB720.3 million, representing an increase of 41.4% from RMB509.3 million for the corresponding period of 2011. Basic earnings per share amounted to RMB58.66 cents, up 41.4% from RMB41.47 cents for 2011.

GEARING RATIO AND INDEBTEDNESS

The gearing ratio of the Group, computed by dividing short-term bank loans by total assets, was 13.3% as at 30th June, 2012 compared with 13.3% as at 31st December, 2011.

As at 30th June, 2012, the Group had RMB1,003.3 million of short-term bank loans compared with RMB891.1 million as at 31st December, 2011.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30th June, 2012, the Group had RMB1,211.1 million in cash and cash equivalents. In addition, the Group had restricted short-term bank deposits of RMB6.9 million. Management believes that 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 of the Group.

FOREIGN EXCHANGE

Given our international operations and presence, the Group faces foreign exchange exposure including transaction and translation exposure.

It is the Group's policy to centralize foreign exchange management to monitor total foreign currency exposure, to net off affiliate positions and to consolidate hedging transactions with banks. As far as possible, the Group aims to achieve natural hedging by investing and borrowing in the functional currencies. Where a natured hedge is not possible, the Group will mitigate our anticipated foreign exchange risks with appropriate foreign exchange contracts.

The Group will not enter into derivative transactions for trading or speculative purposes.

CHARGES ON GROUP ASSETS

Except for the bank deposits amounts of RMB6.9 million and RMB0.9 million pledged to banks respectively as at 30th June, 2012 and 31st December, 2011, no other Group asset was under any charge.

ACQUISITION OF A SUBSIDIARY

In June 2010, the Group acquired a 31.95% equity interest in Kaleido Technology ApS ("Kaleido"), a private company incorporated in Denmark and engaged in wafer-level glass molding. In accordance with the shareholders' agreement, the Company made further investment in Kaleido in March 2011 to acquire an additional 38.95% shareholding for a total consideration of DKK35.1 million (RMB43.8 million); Furthermore, the Group acquired an additional 10.4% shareholding with total consideration of DKK12.6 million (RMB13.4 million) in May 2012, thereby increasing our equity interest in Kaleido to 81.3%.

A goodwill of RMB8.7 million was attributed to the anticipated profitability arising from new distribution channels and the future Group's operating synergies.

EMPLOYEE INFORMATION

As at 30th June, 2012, the Group employed 20,930 permanent employees. Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. Management regularly reviews the Group's remuneration policy and appraises the work performance of its staff. Employee remuneration includes salaries, allowances, social insurance and mandatory pension fund. As required by the relevant regulations in the PRC, the Group participates in the social insurance schemes operated by the relevant local government authorities. The Group also participates in the mandatory pension fund and social insurance schemes for our employees in Hong Kong, Taiwan, Singapore, South Korea, Japan, USA and various countries in Europe.

PROSPECTS

Although the global economy is facing challenges, the prospects for the Company remain good because the smart phone and tablet segments of the mobile devices market are increasing their share, and these segments demand enhanced solutions which the Company's strong R&D and manufacturing capabilities are more than able to provide.

To maintain our technological edge, we continue to invest in research, in product development and in manufacturing processes (including automation). During the first half of 2012, we have successfully obtained 80 additional acoustic and non-acoustic patents, bringing our total portfolio to 730 patents. In the same period, we filed another 189 patents, which brings patents pending to a total of 480.

Our strategy for continued growth includes penetrating new customers, increasing our share of each existing customer's business, providing greater value added solutions to our customers utilizing our R&D and product development capabilities, and increasing the productivity and effectiveness of our manufacturing processes through both automation and optimization of our work flow.

We will also seek to provide components that complement our strong acoustic capabilities, and strive to develop and offer components based on optical and wireless technologies that are required by the same customers that we already serve.

DIVIDENDS

From time to time, the Company will consider the declaration of dividends based on its financial position, results of operations, debt repayment ability, capital expenditures, earnings and other factors as the Board may deem appropriate. The Board may recommend the amount of dividend to be declared and the declaration and payment of dividends will be determined by the shareholders in general meeting. The Board may also from time to time pay to shareholders such interim dividends to be justified by the profits of the Company.

During the first half of 2012, a final dividend for the year ended 31st December, 2011 of HK21.6 cents (2010: HK23.7 cents) per share was paid to shareholders of the Company.

The Board resolved to declare the payment of an interim dividend of HK20.0 cents (2011: HK20.0 cents) per ordinary share in respect of the six months ended 30th June, 2012. The interim dividend will be payable on or around 5th October, 2012 to the shareholders of the Company, whose names appeared on the register of members of the Company on 21st September, 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17th September, 2012 to 21st September, 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer 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, 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 14th September, 2012.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30th June, 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Code on Corporate Governance Practices (effective until 31st March, 2012) and the Corporate Governance Code (effective from 1st April, 2012) set out in Appendix 14 of the Listing Rules (the "**CG Code**") throughout the six months ended 30th June, 2012, except as noted below.

Ms. Ingrid Chunyuan Wu, a non-executive Director and Dato' Tan Bian Ee and Ms. Chang Carmen I-Hua, independent non-executive Directors, were unable to attend the annual general meeting of the Company held in May 2012 as provided for in the new code provision A.6.7 of the CG Code as these Directors were not based in Hong Kong and already had other overseas business commitments. Regular feedback of shareholders are provided for their review based on investors' communications from the Company's investor relations programme.

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 Listing Rules (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, 2012.

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

Hong Kong, 24th August, 2012

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Benjamin Zhengmin Pan and Mr. Mok Joe Kuen Richard; a non-executive Director, namely Ms. Ingrid Chunyuan Wu; and four independent non-executive Directors, namely Mr. Koh Boon Hwee, Mr. Poon Chung Yin Joseph, Dato' Tan Bian Ee and Ms. Chang Carmen I-Hua.