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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 30 JUNE 2017

The board (the "**Board**") of directors (the "**Director(s)**") of AAC Technologies Holdings Inc. ("**AAC Technologies**" or the "**Company**") is pleased to announce the unaudited interim results for the six months ended 30 June 2017.

The unaudited condensed consolidated financial statements have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, and the Company's audit and risk committee and approved by the Board on 25 August 2017.

2017 Interim Results Highlights (unaudited):

(RMB Million)	**1H 2017**	1H 2016	***YoY%***	**2Q 2017**	2Q 2016	***YoY%***
Revenue	**8,644**	5,564	***+55%***	**4,429**	3,019	***+47%***
Gross Profit	**3,541**	2,289	***+55%***	**1,787**	1,258	***+42%***
Gross Profit Margin	***41.0%***	*41.1%*	***-0.1pt***	***40.4%***	*41.7%*	***-1.3pt***
Net Profit	**2,127**	1,355	***+57%***	**1,065**	736	***+45%***
Net Profit Margin	***24.6%***	*24.4%*	***+0.2pt***	***24.1%***	*24.4%*	***-0.3pt***
Basic EPS (RMB)	**1.73**	1.10	***+57%***	**0.87**	0.60	***+45%***
Dividend (HK$)	**0.40**	0.30	***+33%***	**–**	–	**–**

CHAIRMAN'S STATEMENT

Dear Shareholders,

AAC Technologies achieved another set of record financial results in the first half of 2017 and is on the way towards its eighth consecutive year of growth.

Some of the major financial highlights were as follows:

- Revenue grew by 55% to RMB8,644.3 million and net profit rose by 57% to RMB2,126.8 million year-on-year, both are new highs;
- Dual growth drivers comprising sales of acoustic and non-acoustic solutions which grew by 22% and 130% respectively year-on-year, both delivered gross margins of 40+%;
- Optical lenses (specifications not less than 5P or 13M), based on proprietary designs and manufactured on a new production platform technology, has reached 10 million sets monthly production capacity. We expect the Optics business to become our next significant growth driver;
- Annualized return on average equity (ROE) was 29.2%, up from 23.5% in the first half of 2016;
- Solid balance sheet with cash on hand of RMB3,088.1 million. Gearing remains low with gross and net gearing ratios of 19.4% and 6.8% respectively;
- A proposed interim dividend of HK$0.40 per share for the first half of 2017, 33% higher than the corresponding period of last year.

MARKET REVIEW

The smartphone industry had a good start in the first half of 2017. Some new companies entered the market and others made a comeback with new products, resulting in more intense competition within the industry. Some new technologies were deployed and innovations in design intensified. The new designs featured minimal bezels, full screen displays, 3D cover glass, OLED screens, the application of 3D sensing cameras, etc. Meanwhile, lighter and thinner phones still appeal to consumers. Together with the arrival of 5G era, these evolving new features will greatly impact the components that make up the whole device. Opportunities will arise as many components are upgraded to generate better user experience.

As a global leading technology solutions provider, AAC Technologies always focuses on research and development of technologies and product. With continuous upgrades of our unique solutions to offer greater value, the Company is able to sustain robust growth. We believe, the Company has constructed a strong "moat" through continuous technological innovation and has the ability to drive new standards and innovation to provide better entertainment and user experience for audio, touch and visual interactions.

BUSINESS REVIEW

AAC Technologies delivered strong results in the first half of 2017 with continued growth momentum from both the acoustic and non-acoustic segments. The Company posted revenue and net profit of RMB8,644.3 million and RMB2,126.8 million, representing a rise of 55% and 57% year-on-year respectively. Gross margin stayed at a high stable level of 41.0%. A major upgrade trend involving stereo sound and waterproof features drove dynamic components sales, rising by 22% year-on-year and accounting for 48% of total sales. RF Mechanical and Haptics solutions, key contributors in the non-acoustic business, grew by 130% year-on-year and contributed 48.5% of total sales in the first half of 2017, exceeding acoustic revenue. The Company's continuous and effective cost controls drove operating expenses down to 12.8% from 14.7% in the first half of 2016. The semi-annual R&D spending, as a percentage of revenue, fell slightly from 8.8% in 2016 to 8.4% in 2017. Half year net profit margin improved 0.2 percentage points to 24.6%.

Q2 revenue rose 47% year-on-year to RMB4,429.2 million. Reported net profit was RMB1,065.2 million, up 45% when compared with the same quarter last year. The strong growth from non-acoustic revenue was the main contributor. Non-acoustic business grew by 74% year-on-year, contributing over 45% of total sales in the second quarter of 2017. We demonstrated strong execution in fulfilling order for advanced solutions to meet customers' requirements. Q2 gross margin, due to product mix change, delivered 40.4%; the overall profitability of the Company will be improving when the technology and production platforms mature. The Company continues to focus on investing in R&D which accounted for about 8.8% of Q2 sales. Net profit margin was 24.1%.

INTERIM DIVIDEND

The Board has declared an interim dividend for the first half of 2017 of HK$0.40 (30 June 2016: HK$0.30) per ordinary share, 33% higher than the corresponding period of last year. The interim dividend will be paid on Tuesday, 26 September 2017 to shareholders of record on Tuesday, 19 September 2017.

SUSTAINABILITY

AAC Technologies defines sustainability as a commitment to build a strong and successful business for the future, while minimizing negative environmental and social impacts, and sharing long-term values with its stakeholders. Sustainability has now been incorporated into our business, not only to address today's pressing issues, namely climate change, talent acquisition and corporate transparency, but also to create value for our operations. The Company is mindful that there is still a lot of room for improvement. In May 2017, the Company published its fourth annual Sustainability Report that highlighted its corporate social responsibilities initiatives in the year 2016. AAC Technologies is recognized and is one of the 30 constituents of the "Hang Seng Corporate Sustainability Index".

We promote a corporate culture of continuous learning, improvement, and innovation. Reflecting this culture, we successfully obtained 123 additional patents in the first half of 2017, of which 65 are for the non-acoustic segment, bringing our intellectual property portfolio to a total of 2,160 patents. We filed another 558 patent applications, which bring us to a total of 1,330 patents pending.

PROSPECT

Technology in our industry is always changing, but the Company has always maintained a clear strategic vision with strong focus on the development of technology platforms. The Company not only invests in advanced materials research, innovative product design and strong intellectual property portfolio, but also provides comprehensive technology solutions, through the setting and control of technical standards, to obtain better pricing capabilities.

At the same time, through continuous investment in automated production lines, the advancement in manufacturing technology continues to achieve an industry-leading level of efficiency and yield. This sets the foundation for maintaining profitability. We believe innovation in diverse technology disciplines will enable us to strengthen and expand our industry leadership.

The Company started and found success in acoustic products. Through the continuous development and innovation of technology platforms, we have steadily diversified into a range of new non-acoustic business segments and offered unique, innovative and integrated solutions since 2014. The non-acoustic segments now account for about half of the Company's revenues, underlining the progress we have made in strategically building substantial businesses in new sectors. We believe that the continuing development and innovation of technology platforms would set the foundation for the Company to extend into different product lines.

Going forward, we aim to continue to lead in the audio and haptic business and continue to develop competitive RF Mechanical solutions for our customers. We believe our next growth driver is in optics business. After years of R&D and building our intellectual property portfolios, the Company has established research and manufacturing platforms for proprietary optics technology, covering design, precision mold manufacturing to assembly processes, which not only include traditional plastic lenses with strong competitive advantages, but also unique wafer level glass lenses and glass-plastic hybrid lenses technology to create industry opportunities over the next decade. The monthly production capacity of optical lenses (specifications not less than 5P or 13M) has already ramped up to over 10 million sets this year. We are now ready to start building a track record with support from more customer projects contributing to high sales growth. We remain positive about the opportunities to grow this business further. We are well placed to capitalize on the growth potential in both acoustic and non-acoustic segments globally through our cutting-edge technology innovation.

With technology developments as the cornerstone, the Company will join hands with all the staff to embrace new challenges in a dynamic market environment and deliver sustainable and stable growth.

Koh Boon Hwee
Chairman
25 August 2017

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

AAC Technologies is a total solution-provider offering cutting-edge and most advanced miniaturized technology components to the consumer electronics industry worldwide. AAC Technologies believes that, continuously enhancing the Company's core competitiveness, constantly strengthening the capabilities of the Company's technology platforms and constructing an IP "moat" are the basic strategies to raise the Company's intrinsic value.

While strengthening our role as the leading global supplier of miniaturized acoustic components including a broad range of miniature speaker modules, speakers, receivers and Micro Electro-Mechanical System ("**MEMS**") microphones, the Company also delivers integrated solutions across multiple segments incorporating haptics vibrators, RF Mechanical and optical components, and builds a formidable "moat" of the Company through continuous technology innovation. Our products are found in smart devices such as smartphones, tablets, wearables and ultra slim notebooks. We are global in scope with research and development centers and customer service offices in key markets serving a large number of geographically diverse customers.

As a global leading technology company, AAC Technologies always focuses on the research and development of technologies and products. After years of effort and improvements, we have established stronger and independent research and development capabilities as well as abundant and valid intellectual property reserve. Management is committed to identifying and evaluating appropriate opportunities to invest in or to form alliances with other global technology companies, thereby creating long-term and effective synergies with the Company's existing technology capabilities.

PERFORMANCE OF BUSINESS SEGMENTS

The Company is operating in the smart component area which is characterized by rapid developments and continuous upgrade. In becoming an innovative solution provider, the Company has always nimbly responded to changing customers' design specifications and production requirements to ensure our leading status regarding technology and services throughout the world.

For the six months ended 30 June 2017, the Group's total revenue reached RMB8,644.3 million, representing a year-on-year increase of 55%. The Company's two core business segments, Acoustics (Dynamic components) and Haptics and RF Mechanical, contributed 48% and 48.5% of total sales respectively. AAC Technologies will continue to build a more diversified product structure to drive revenue growth with a more balanced customer portfolio.

Acoustic Business

The Company's acoustic business represents dynamic components. Dynamic components are components that actively produce sound, including miniature speaker modules, speakers and receivers. In the first half of 2017, revenue of the dynamic components segment was RMB4,140.7 million, representing 48% of the total revenue and a year-on-year increase of 22%. Miniature speaker module was the main revenue contributor, accounting for 30% of the total sales, while receivers and speakers delivered 13% and 5% respectively. Overall gross margin exceeded 40% amidst spec upgrade cycle and changing platform mix.

Sales revenue of the three major product lines among dynamic components have different year- on-year outcomes reflecting difference between stages of products specifications upgrade cycles and penetration market shares of individual customers: miniature speaker modules and receivers grew 32% and 28% respectively, while speakers were down 26% compared to the first half of 2016. The increasing adoption of miniature speaker modules instead of speakers by Android customers mainly contributed to the growth of miniature speaker modules sales. Audio enhancement, waterproof and stereo sound features of smartphones resulted in higher selling price of miniature speaker modules and receivers and stimulated growth of both product lines.

Haptics and RF Businesses
During the six months under review, Haptics and RF Mechanical business continued to deliver strong growth driven through market expansion and share gain. Combined sales of Haptics and RF Mechanical increased 130% to RMB4,188.7 million from the same period of last year and contributed 48.5% of the total revenue. Haptics was the largest revenue contributor. Gross margin of this combined segment was 44%, better than the 43% of the same period of last year. The Company has successfully demonstrated both design and production capabilities on delivering more complicated and sophisticated solutions. For Haptics business, as the technology pioneer with a strong intellectual property reserve, the Company is able to meet the most demanding technological specifications and requirements from its customers. Together with good execution in production, the Company has secured its position as one of the major suppliers in this area.

The Company has successfully built the business foundation for RF Mechanical in previous year to prepare for this second year of growth. In the first half of 2017, the Company has further grasped more business opportunities and expanded its customer portfolio from Chinese customers to include other international Android customers. The Company offers unique cross-platform solutions for different form factor design and new materials adopted by new smart devices, enabling cross-integration in acoustic, mechanical and RF designs, being the foundation of the Company to be the technology leader in the industry. As we move towards 5G era, the Company has planned ahead and built the technology and production platform for 3D cover glass and has achieved small scale of production in the first half of this year. We are optimistic about the opportunities of the 3D cover glass being the standard package of the smartphone in the 5G era. We believe the unique advantage of the Company in the design and production of RF Mechanical and glass molding processing will create long-term synergy with this and become our new revenue driver.

Optical Products
We believe our next growth driver is in optics business. After years of R&D and building our intellectual property portfolios, the Company has established research and manufacturing platforms for proprietary optics technology, covering design, precision mold manufacturing to assembly processes, which not only include traditional plastic lenses with strong competitive advantages, but also unique wafer level glass lenses and glass-plastic hybrid lenses technology to create industry opportunities over the next decade. The monthly production capacity of optical lenses (specification not less than 5P or 13M) has already ramped up to over 10 million sets this year. We are now ready to start building a track record with support from more customer projects. The Company is confident that, with the continuous improvement in optical designs and production platform technology, this segment will become a significant long-term growth driver to the Company in the future.

MEMS Components: MEMS Microphones
The revenue of this segment declined 8% year-on-year to RMB275.6 million, accounting for 3% of total sales. Gross margin achieved was 12.5%. MEMS remains the key technology direction for the Company.

FINANCIAL REVIEW

Summary of First Half Results
AAC Technologies achieved solid financial results in the first half of 2017. For the six months ended 30 June 2017, the Group delivered robust operating performance with the organic growth in both acoustic and non-acoustic business segments. Our financial position remained solid and the Company continues to maintain a strong and steady cash inflow from operating activities. The Group has recorded a net operating cash inflow of RMB2,337.2 million. Total revenue rose to RMB8,644.3 million for the six months ended 30 June 2017, up RMB3,080.7 million or 55.4% compared with the first half of 2016. Our overall gross profit reached RMB3,541.2 million, representing an increase of RMB1,252.0 million or 54.7% compared to the first half of 2016. Gross profit margin was 41.0%, similar to last year's level. Profit attributable to owners of the Company grew by 57.0% from RMB1,354.8 million in the first half of 2016 to RMB2,126.8 million. Basic earnings per share amounted to RMB1.73, up 57.0% from RMB1.10 for the first half of 2016, consistent with the growth in profit attributable to owners of the Company.

As for tax, the Group's major operating subsidiaries fall under different tax regimes in Hong Kong, mainland China, Singapore and Vietnam where different laws and regulations, and specific concessionary incentives apply for some specific locations. During the six months ended 30 June 2017, the Group's tax expenses have not been materially impacted by any major changes in these taxation laws and regulations.

Liquidity and Financial Resources
Our Group continued to maintain a healthy liquidity position as well as a steady cash inflow from operating activities. EBITDA to sales in the first half of 2017 stood at 36.0%, up 0.6% compared with the first half of 2016 though a minor drop from 36.6% for 2016 year-end.

Recently, the Company received strong indications of interest from financial institutions to form strategic cooperation alliances with the Company. This attests to the financial strength and good reputation of the Company. Such alliances will add valuable support to the future growth of the Company. In June 2017, the Group signed strategic cooperation agreements with 中信銀行股份有限公司南京分行(China CITIC Bank Corporation Limited (Nanjing Branch)*) and 平安銀行股份有限公司深圳分行(Ping An Bank Co., Ltd. (Shenzhen Branch)*).

* *for identification purpose*

Cash and Cash Equivalents

As at 30 June 2017, the unencumbered cash and cash equivalents of the Group amounted to RMB3,088.1 million (31 December 2016: RMB3,864.4 million), of which 54.5% (31 December 2016: 26.8%) was denominated in RMB, 28.2% (31 December 2016: 70.8%) was denominated in US dollar, 15.1% (31 December 2016: 0.4%) was denominated in Hong Kong dollar, 1.0% (31 December 2016: 0.4%) was denominated in Singapore dollar, 0.3% (31 December 2016: 0.6%) was denominated in Japanese Yen, 0.2% (31 December 2016: 0.2%) was denominated in Euros and 0.7% (31 December 2016: 0.8%) was denominated in other currencies.

Repurchase and Cancellation of Shares

The Company believes that the repurchase of the Company's shares continuously, the increase of earnings per share and the intrinsic value per share are important metrics to enhance long-term value of our shareholders.

At the annual general meeting (the "**AGM**") on 24 May 2017, the Company's shareholders granted a general mandate to the Directors to repurchase shares of the Company (the "**Repurchase Mandate**"). Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 10% of the total number of issued shares of the Company as at the date of the AGM (the "**then Issued Shares**").

Up to 30 June 2017, the Company had repurchased, under the Repurchase Mandate, a total of 3,000,000 shares, representing approximately 0.24% of the then Issued Shares. The aggregate consideration for the repurchase was HK$286.8 million. 1,000,000 of these repurchased shares were cancelled in June 2017.

Up to the date of this results announcement, the Company had repurchased a total of 6,000,000 shares (including the 3,000,000 shares mentioned in the preceding paragraph), representing approximately 0.49% of the then Issued Shares. The aggregate consideration for the repurchase was HK$592.9 million. All repurchased shares have been cancelled as at the date of this announcement. The share repurchase reflects the Company's solid financial position and the Board's strong confidence in the Company's future business prospects. The Directors believe that the share repurchase was in the interest of shareholders as a whole, enhancing the net asset value per share and earnings per share of the Company.

Foreign Exchange

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

It is the Group's consistent 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 natural hedge is not possible, the Group will mitigate foreign exchange risks via appropriate foreign exchange contracts.

The Group has not entered nor will it enter into any derivative transactions for speculative trading purposes.

Trade Receivables and Trade Payables
As at 30 June 2017, the turnover days of trade receivables dropped by 9 days to 86 days as compared to year-end of 2016. Aging of trade receivables (net of allowance for doubtful debts) based on invoice dates between 0-90 days, 91-180 days and over 180 days were RMB3,463.3 million (31 December 2016: RMB4,096.6 million), RMB204.3 million (31 December 2016: RMB363.3 million) and RMB28.7 million (31 December 2016: RMB59.5 million) respectively. We have received subsequent settlement totalling RMB1,258.5 million up to 31 July 2017, representing 34.0% of the total amount outstanding, net of allowances, as at the end of the reporting period.

The Group's trade payables turnover days rose by 2 days to 123 days as compared to year-end of 2016. Aging of trade payables based on invoice dates between 0-90 days, 91-180 days and over 180 days were RMB2,537.3 million (31 December 2016: RMB3,459.4 million), RMB480.0 million (31 December 2016: RMB491.7 million) and RMB18.0 million (31 December 2016: RMB0.4 million) respectively. The Group will continue to improve on the management of its trade receivables and trade payables in order to better utilize the available financial resources.

Gearing Ratio and Indebtedness
As at 30 June 2017, the Group's gearing ratio was 19.4% (31 December 2016: 16.9%), which is calculated by dividing total loans and borrowings by total assets. Netting off cash and cash equivalents, net gearing ratio was 6.8% (31 December 2016: 0.9%).

The short-term bank loans and long-term bank loans of the Group as at 30 June 2017 amounted to RMB4,094.4 million (31 December 2016: RMB3,303.3 million) and RMB673.6 million (31 December 2016: RMB789.1 million) respectively.

Charges on Group Assets
Apart from bank deposits amounting to RMB62.6 million that were pledged to banks mainly in relation to the purchase of fixed assets for Optics business as at 30 June 2017 (31 December 2016: RMB111.1 million), no other Group assets were charged to any financial institutions.

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 and capital expenditure of the Group.

Capital Expenditure
The Group continues to invest in capital expenditure during the period to capture new market opportunities and support its long-term business strategies. For the six months ended 30 June 2017, capital expenditure incurred by the Group amounted to RMB2,329.0 million (six months ended 30 June 2016: RMB2,140.0 million), mainly for the acquisition of property, plant and equipment for capacity expansion in both acoustic and non-acoustic business segments. The Group will invest a higher proportion of capital expenditure on the non-acoustic business segments to strengthen our technology capabilities in this area. Capital expenditures are generally funded by internal resources.

HUMAN RESOURCES

As at 30 June 2017, the Group employed 60,215 permanent employees, an increase of 39% from 43,442 employees as at 30 June 2016, due to the needs for the development of RF Mechanical and for the early capacity preparation for customers' projects in the second half of the year.

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. In addition to the basic salaries, allowances, social insurance and mandatory pension fund contribution, employee remuneration also includes bonuses and share award scheme. As required by the relevant regulations in the People's Republic of China (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, Vietnam, Philippines, USA and various countries in Europe.

SHARE AWARD SCHEME

As announced by the Company on 23 March 2016, the Board resolved to adopt a share award scheme (the "**Scheme**") in which Employees (other than Excluded Employees) may be selected by the Board to participate. The purpose of the Scheme is to permit the Company to grant Awards to Selected Employees as incentives for their contributions to the Group and to attract suitable personnel for further development of the Group. The maximum number of shares that may be awarded under the Scheme during its term is limited to 1.65% (i.e. 20,245,500 shares as at 30 June 2017, which has been adjusted to 20,163,000 shares as at 25 August 2017 due to the cancellation of repurchased shares) of the issued share capital of the Company from time to time. The maximum number of Awarded Shares that may be granted to any one Selected Employee shall not exceed 0.5% (i.e. 6,135,000 shares as at 30 June 2017, which has been adjusted to 6,110,000 shares as at 25 August 2017 due to the cancellation of repurchased shares) of the issued share capital of the Company from time to time. Pursuant to the Scheme, shares will be subscribed for at a subscription price as determined by the Board, or purchased on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), by Bank of Communications Trustee Limited (the "**Trustee**") at the cost of the Company and will be held by the Trustee on trust for Selected Employee(s) under the Scheme before vesting. The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), and is a discretional scheme of the Company.

Since the date of adoption of the Scheme and up to 30 June 2017, no shares had been subscribed or purchased by the Trustee pursuant to the rules and trust deed of the Scheme and no shares had been granted to Selected Employee(s) under the Scheme.

The capitalized terms referred in this section shall have the same meanings as those defined in the announcement made by the Company on 23 March 2016 relating to the adoption of the Scheme.

KEY RISK FACTORS

Some key risks factors and uncertainties affecting the Group are outlined below. The list is non-exhaustive and there may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may be immaterial now but could become material in the future. Besides, this document does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Risks Pertaining to the Smartphones Segment

A substantial part of the Group's revenue is derived in the smartphone segment of the consumer mobile devices market. As a result, the general state of the global economy, market conditions and consumer behaviour may have a significant impact on the Group's operating results and financial conditions.

To tackle this, the Company is continuously widening its product and technologies platforms to extend its reach to different end applications, so as to diversify the sources of revenue and profit to reduce its dependency on any single segment.

Reliance on a Number of Key Customers

The Group's five largest customers, which accounted for 79% of the Group's total revenue, are all related to the dynamic consumer mobile devices industry, characterized by innovation-driven and user experience-oriented. Loss of or changes in market positions of any of these customers may materially and adversely affect the Group's business, financial condition and results of operations. Nevertheless, the Group has focused on technology innovation to ensure user experience, and has strong established relationships with these major customers; all of them have been our customers for over 5 years.

The credit terms granted are in the range of 60- to 90-day periods and are in line with those granted to other customers. Subsequent settlements after the six months end of trade receivables from these major customers have been reviewed and are satisfactory requiring no provisions.

Like many industries in today's globalized world, the consumer mobile devices market experiences continuous consolidation where a relatively small number of leading players tend to capture a relatively significant market share. As a supplier to this industry, our Company has proactively managed growth and concentration risk in healthy balance and we believe our results in the last decade are testimony to our ability to date to achieve this in the rapidly changing industry landscape.

During the last eight months, one of our previous major customers has publicly acknowledged that its financial position is under stress. Due to our Company's strong credit risk management policies and control measures, our substantial receivables risk related to this customer was properly mitigated, and outstanding balances have either been repaid or covered by insurance resulting in no bad debt provisions for this account.

Operational Risks

The Group's operation is subject to a number of risk factors specific to designing and providing technology solutions. Whilst our business has been built on focusing on miniature acoustic components, the Group has been endeavoring to develop new products and technologies platforms. In meeting future design specifications and production quality requirements, our successful track records would not guarantee continual success. Changes in technological design and performance specifications or other external factors may have various levels of negative impact on the results of operations. Additionally, production and quality issues may happen despite internal systems and policies set up for their prevention, which may lead to financial loss, litigation, or damage in reputation.

We believe that the Company has a seasoned process in ensuring that we meet design specifications and quality requirements and there are many over-lapping core design and production competencies that the Company is leveraging on. This will put the Company on the best competitive position in terms of design capacity and timeliness to deliver. In addition, the Company constantly reviews competition and market trends. The Company is committed to innovation and has consistently reinvested significant resources on research and development in the recent five years to build a broad solution and intellectual property portfolios and maintain a competitive position. The Company has put in place a quality management system. All products are subject to thorough and comprehensive testing to meet customers' requirements and international standards. The Company will continue to improve internal process capability and set up a solid base for continual improvement in product reliability.

Foreign Exchange Risks

The Group's reporting currency is Chinese Renminbi (RMB) and our sales to overseas customers are predominantly denominated in US currency (USD), therefore the Group is exposed to exchange rate risks that could impact financial reporting results.

The cash flow revenue income to the Group in denominations of the two currencies are mostly, over time, in balanced proportions. In addition, various corresponding banking borrowing facilities have been arranged in these two currencies, namely, RMB and USD, to meet our daily operating expenses and capital investment requirements.

Hence, in our operating business model, the Group's revenue is mostly matched to the currencies of the outlay; which in the past few years, had mitigated the impact of foreign exchange fluctuations.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operation of the Group as set out in this document are historical in nature and past performance is not a guarantee of future performance. This document may contain certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board regarding the industry and markets in which it operates. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Since listing, the Company has been making quarterly results announcements. The Company has experienced, and expect to continue to experience, fluctuations in sales and results of operations from one quarter to the next. We believe that quarter-to-quarter comparisons of our results of operations are, to some extent, meaningful to reflect cyclical and seasonal nature of the industry the Company operates in. However, such comparisons should not be relied upon as sole indicators of the longer term performance such as annual results.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2017

	NOTES	**1.1.2017 to 30.6.2017 (Unaudited) RMB'000**	1.1.2016 to 30.6.2016 (Unaudited) RMB'000
Revenue	3	**8,644,272**	5,563,560
Cost of goods sold		**(5,103,082)**	(3,274,319)
Gross profit		**3,541,190**	2,289,241
Other income, gains and losses		**91,564**	48,880
Distribution and selling expenses		**(130,267)**	(116,755)
Administrative expenses		**(245,127)**	(208,089)
Research and development costs		**(728,354)**	(490,504)
Share of results of associates		**(3,762)**	(3,277)
Exchange (loss) gain		**(16,431)**	14,762
Finance costs		**(67,727)**	(19,988)
Profit before taxation	4	**2,441,086**	1,514,270
Taxation	5	**(313,958)**	(159,712)
Profit for the period		**2,127,128**	1,354,558
Other comprehensive income (expense):			
Items that may be subsequently reclassified to profit or loss:			
Fair value changes on available-for-sale investments		**239,223**	–
Exchange differences arising from translation		**(73,433)**	41,138
Total comprehensive income for the period		**2,292,918**	1,395,696
Profit (loss) for the period attributable to:			
Owners of the Company		**2,126,824**	1,354,779
Non-controlling interests		**304**	(221)
		2,127,128	1,354,558
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**2,292,738**	1,396,264
Non-controlling interests		**180**	(568)
		2,292,918	1,395,696
Earnings per share – Basic	7	**RMB1.73**	RMB1.10

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	NOTES	30.6.2017 (Unaudited) RMB'000	31.12.2016 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	8	**11,344,583**	9,494,014
Goodwill		**89,217**	89,217
Prepaid lease payments	8	**419,461**	339,583
Deposits for acquisition of property, plant and equipment		**684,315**	918,358
Investment properties	8	**16,646**	–
Available-for-sale investments	9	**524,122**	385,676
Interests in associates		**10,384**	14,146
Intangible assets		**177,147**	167,259
Loan receivable from a non-controlling shareholder of a subsidiary		**19,679**	19,994
		13,285,554	11,428,247
Current assets			
Inventories		**2,809,643**	2,622,931
Trade and other receivables	10	**5,297,926**	6,155,767
Amounts due from related companies		**3,127**	2,933
Taxation recoverable		**12,380**	71,832
Pledged bank deposits		**62,612**	111,108
Bank balances and cash		**3,088,120**	3,864,386
		11,273,808	12,828,957
Current liabilities			
Trade and other payables	11	**4,449,266**	5,345,908
Amounts due to related companies		**49,916**	50,705
Taxation payable		**181,893**	425,161
Short-term bank loans	12	**4,094,418**	3,303,293
Other short-term borrowings		**341**	347
		8,775,834	9,125,414
Net current assets		**2,497,974**	3,703,543
Total assets less current liabilities		**15,783,528**	15,131,790
Non-current liabilities			
Long-term bank loans	12	**673,610**	789,135
Government grants		**77,700**	80,040
Deferred tax liabilities		**46,929**	47,818
		798,239	916,993
Net assets		**14,985,289**	14,214,797
Capital and reserves			
Share capital	13	**99,637**	99,718
Reserves		**14,875,371**	14,089,161
Equity attributable to owners of the Company		**14,975,008**	14,188,879
Non-controlling interests		**10,281**	25,918
Total equity		**14,985,289**	14,214,797

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.

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 Listing Rules.

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as describe below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, certain amendments to 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 and/or disclosures set out in these condensed consolidated financial statements. Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to IAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

Also, in the current interim period, the Group transferred certain of its property, plant and equipment and prepaid lease payments to investment properties upon the change in use of those properties (see note 8 for details). Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured using the cost model. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

2. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

Also, in the current interim period, the Group received certain shares in a listed company as part of its disposal of an available-for-sale investment (see note 9 for details). The listed shares are classified as available-for-sale investments and are measured at fair value at the end of each reporting period. Changes in the carrying amount of the investment are recognised in other comprehensive income (expense) and accumulated under the heading of investments revaluation reserve. When the investment is disposed of, or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Also, in the current interim period, the Company repurchased certain number of its shares in the market (see note 13 for details). The repurchase of the Company's own equity instruments is deducted directly in equity and recognised as treasury shares. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instrument.

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 and assess their performance. 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. This is also the basis upon which the Group is organised and managed. The Group's operating and reportable segments are dynamic components (including miniature speaker modules, receivers and speakers), haptics & radio frequency mechanical module ("**Haptics & RF Mechanical**"), MEMS components and other products (including optics, traditional microphones and headsets, etc.), 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:

	1.1.2017 to 30.6.2017 *RMB'000* **(Unaudited)**	1.1.2016 to 30.6.2016 *RMB'000* (Unaudited)
Operating and reportable segments		
Segment revenue		
Dynamic components	**4,140,723**	3,403,505
Haptics & RF Mechanical	**4,188,655**	1,822,692
MEMS components	**275,637**	298,091
Other products	**39,257**	39,272
Revenue	**8,644,272**	5,563,560
Segment results		
Dynamic components	**1,679,037**	1,463,894
Haptics & RF Mechanical	**1,821,818**	781,745
MEMS components	**34,408**	42,844
Other products	**5,927**	758
Total profit for operating and reportable segments – gross profit	**3,541,190**	2,289,241
Unallocated amounts:		
Interest income	**26,921**	13,925
Other income, gains and losses	**64,643**	34,955
Distribution and selling expenses	**(130,267)**	(116,755)
Administrative expenses	**(245,127)**	(208,089)
Research and development costs	**(728,354)**	(490,504)
Share of results of associates	**(3,762)**	(3,277)
Exchange (loss) gain	**(16,431)**	14,762
Finance costs	**(67,727)**	(19,988)
Profit before taxation	**2,441,086**	1,514,270

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

3. SEGMENT INFORMATION – CONTINUED

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, gains and losses, share of results of associates and exchange (loss) gain.

4. PROFIT BEFORE TAXATION

	1.1.2017 to 30.6.2017	1.1.2016 to 30.6.2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of intangible assets	**4,794**	4,740
Reversal for obsolete inventories, included in cost of goods sold	**(1,654)**	(54,311)
Depreciation	**595,059**	426,206
Release of prepaid lease payments	**4,055**	3,276
Gain on disposal of property, plant and equipment, net	**(55)**	(738)

5. TAXATION

	1.1.2017 to 30.6.2017	1.1.2016 to 30.6.2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The tax charge comprises:		
PRC Enterprise Income Tax	**248,112**	146,116
Other jurisdictions	**66,786**	13,782
	314,898	159,898
Deferred tax	**(940)**	(186)
	313,958	159,712

5. TAXATION – CONTINUED

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months period ended 30 June 2017 and 30 June 2016 as the Group has no assessable profits under Hong Kong Profits Tax for both periods.

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25%.

According to a joint circular of Ministry of Finance and the State Administrative of Taxation of the PRC, Cai Shui [2008] No. 1, only the profits earned by foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be grandfathered and exempted from EIT. Whereas, dividend distributed out of the profits generated thereafter, shall be subject to EIT at 10% and withheld by the PRC subsidiary, pursuant to Articles 3 and 27 of the EIT Law and Article 91 of its Detailed Implementation Rules. According to the Tax Arrangement for Avoidance of Double Taxation between China and Hong Kong, the withholding tax rate on dividend paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise, and remains at 10% otherwise. Deferred tax liability on the undistributed profits earned has been accrued at the tax rate of 5% on the expected dividend stream determined by the Directors of the Company.

In addition, certain PRC subsidiaries were officially endorsed as High-New Technology Enterprises ("**HNTE**") till the dates ranging from 4 August 2017 to 2 November 2018. Pursuant to the EIT Law, those PRC subsidiaries entitled as HNTE shall be entitled to a preferential tax rate of 15% till the expiry of the HNTE status for the respective PRC subsidiaries.

Pursuant to relevant laws and regulations in Singapore, one of the Group's subsidiaries is entitled to a concessionary tax rate under Development and Expansion Incentive which is granted based on the fulfillment of carrying out qualifying business activities. This incentive program will expire for the subsidiary in 2018.

Pursuant to the relevant laws and regulations in Vietnam, one of the Group's subsidiaries is entitled to concessionary tax rate which is granted based on the fulfilment of carrying qualifying business activities. This tax holiday will expire for the subsidiary in 2020.

Taxation in other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

6. DIVIDENDS

During the current interim period, a final dividend of HK$1.17 per share in respect of the year ended 31 December 2016 (six months ended 30 June 2016: final dividend of HK$0.95 per share in respect of the year ended 31 December 2015) was paid to shareholders of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK$1,436,760,000 (equivalent to approximately RMB1,246,964,000) (six months ended 30 June 2016: HK$1,166,600,000 (equivalent to approximately RMB997,093,000)).

Subsequent to the end of the interim period, the Directors have resolved that an interim dividend of HK$0.40 per share (2016 interim dividend: HK$0.30 per share) will be paid to the shareholders of the Company.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 June 2017 is based on the profit for the period attributable to owners of the Company of RMB2,126,824,000 (six months ended 30 June 2016: RMB1,354,779,000) and on the weighted average of 1,227,815,000 (six months ended 30 June 2016: 1,228,000,000) number of shares in issue during the period.

No diluted earnings per share are presented as the Group does not have any potential dilutive ordinary shares outstanding.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, PREPAID LEASE PAYMENTS AND INVESTMENT PROPERTIES

During the period, the Group acquired property, plant and equipment of RMB2,475,120,000 (six months ended 30 June 2016: RMB1,903,358,000). Part of the consideration of RMB918,358,000 (six months ended 30 June 2016: RMB256,661,000) was paid up in advance in prior year.

Also, during the period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB3,604,000 (six months ended 30 June 2016: RMB17,463,000) for proceeds of RMB3,659,000 (six months ended 30 June 2016: RMB18,201,000) and resulting in a gain on disposal of RMB55,000 (six months ended 30 June 2016: RMB738,000).

Also, during the period, the Group had additions to prepaid lease payments of RMB87,953,000 (six months ended 30 June 2016: RMB23,439,000).

In addition, during the period, the Group transferred certain property, plant and equipment and prepaid lease payments with an aggregate carrying amount of RMB17,243,000 to investment properties upon the change in use of those properties. Depreciation on the investment properties amounted to RMB597,000 is charged to the profit or loss during the period.

9. AVAILABLE-FOR-SALE INVESTMENTS

	30.6.2017	31.12.2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unlisted shares, at cost (Note a)	**27,243**	385,676
Listed shares, at fair value (Note b)	**496,879**	–
	524,122	385,676

Notes:

(a) The investments are measured at cost less impairment as the range of reasonable fair value estimates is so significant that the Directors are of the opinion that the fair value cannot be measured reliably.

(b) In January 2017, the Group completed its disposal of its entire interest in an unlisted available-for-sale investment, Heptagon Advanced Micro-Optics Pte. Ltd. ("**Heptagon**") to AMS AG ("**AMS**"). AMS is a Swiss listed company incorporated in Austria and is engaged in the manufacturing of sensor and analog solutions. As at 31 December 2016, the carrying amount of Heptagon was RMB361,995,000. As the consideration for the disposal of Heptagon, the Group received upfront cash payment of approximately US$4,166,000 (equivalent to approximately RMB28,574,000) in cash (of which 18% of cash received is held under the stakeholder's account and recognised as an other receivable), 1,126,000 shares of AMS with a market value of approximately RMB257,656,000 at the date of completion of the disposal, representing 1.33% equity in AMS and earn-out consideration receivable (with varying amount of AMS shares and cash) recognised as an other receivable with estimated equivalent amount of RMB75,888,000, to be released in mid-2018 based on the milestone relating to the product revenue of Heptagon in 2017. The Directors expect that the milestone can be achieved.

The gain or loss arising from the disposal of Heptagon was insignificant to the Group's result. As at 30 June 2017, the fair value of the AMS shares held by the Group, determined by reference to the quoted market bid prices available, amounted to approximately RMB496,879,000. In accordance with the disposal agreement, the Group's interest in AMS shares are subject to lock up of different tranches on various dates up to July 2018.

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 cash payment. As at 30 June 2017, included in trade and other receivables, the Group has bank acceptance and commercial bills amounting to RMB36,675,000 (31 December 2016: RMB55,583,000). The following is an aged analysis of trade and bills receivables presented based on the invoice date, which approximates the revenue recognition dates. The analysis below is net of allowance for doubtful debts.

	30.6.2017	31.12.2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Age		
0 – 90 days	**3,463,255**	4,096,594
91 – 180 days	**204,290**	363,261
Over 180 days	**28,777**	59,554
	3,696,322	4,519,409

Included in the other receivables are loans made to certain suppliers of RMB515,657,000 (31 December 2016: RMB644,949,000). The amounts carry interest ranging from 4% to 5% per annum (31 December 2016: 4% to 5% per annum) and majority of the amounts are secured. The amounts are repayable in 1 year. Included in the balance are loans (the "**Loans**") of an aggregate amount of RMB420,000,000 (31 December 2016: RMB503,000,000) advanced to a supplier (the "**Supplier**") which is originally to be fully settled by August 2017, however as at date of issuance of these condensed consolidated financial statements, the Loans have not yet been settled and its maturity has been extended to December 2017. The Directors are of the opinion that no provision is necessary over the Loans, as the value of the assets pledged to secure the Loans exceeds its carrying amount.

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30.6.2017	31.12.2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Age		
0 – 90 days	**2,537,269**	3,459,399
91 – 180 days	**480,056**	491,681
Over 180 days	**17,969**	382
	3,035,294	3,951,462

12. BANK LOANS

Bank loans carry interest ranging from 1.35% to 4.45% per annum (31 December 2016: carry interest ranging from 0.55% to 4.05% per annum). The Company has issued guarantees to respective banks to secure the borrowings.

13. SHARE CAPITAL

	Number of shares	Amount
		US$'000
Shares of US$0.01 each		
Authorised:		
Ordinary shares at 1 January 2016, 1 January 2017 and 30 June 2017	5,000,000,000	50,000
Issued and fully paid:		
Ordinary shares at 1 January 2016 and 1 January 2017	1,228,000,000	12,280
Shares repurchased and cancelled	(1,000,000)	(10)
Ordinary shares at 30 June 2017	1,227,000,000	12,270
		RMB'000
Presented in the condensed consolidated statement of financial position		
As at 1 January 2016 and 1 January 2017		99,718
Shares repurchased and cancelled		(81)
As at 30 June 2017		99,637

During the current interim period, the Company repurchased a total of 3,000,000 issued ordinary shares of the Company in the market for a consideration of HK$286,769,000 (equivalent to approximately RMB248,887,000). Out of these repurchased shares, 1,000,000 ordinary shares were cancelled during the period ended 30 June 2017.

Subsequent to 30 June 2017, the Company further repurchased a total of 3,000,000 of issued ordinary shares of the Company in the market for a total consideration of approximately HK$306,160,000 (equivalent to approximately RMB263,787,000). Subsequent to 30 June 2017 and up to the date of issuance of these condensed consolidated financial statements, 5,000,000 of the repurchased shares have been cancelled.

14. SHARE AWARD SCHEME

The Company on 23 March 2016 had adopted the AAC Share Award Scheme (the "**Scheme**") constituted by a Trust Deed between the Company and Bank of Communications Trustee Limited (the "**Trustee**"), in which employees may be selected by the Board to participate. Pursuant to the Scheme, shares of the Company will be subscribed for at a subscription price as determined by the Board of the Company, or purchased on the Stock Exchange, by the Trustee of the trusts declared in the Trust Deed.

On the grant of the share awards, the relevant number of shares is legally issued or transferred to the Trustee who holds the shares for the benefit of the selected employees. A grantee shall not have any interest or rights (including the right to receive dividends) in the shares prior to the vesting of the shares.

The expenses in relation to the share awards are charged to profit or loss over the relevant vesting periods with a corresponding increase in share award reserve.

During the period, no new shares were issued to the Trustee and no shares of the Company had been purchased by the Trustee nor any share awards had been granted to any employees.

15. CONTINGENT LIABILITY

During the year ended 31 December 2016, the Company and a subsidiary were named as defendants in a United States district court, in respect of a claim on royalty payments in accordance with a settlement agreement previously reached between the Group and the plaintiff. The amount including legal costs which the plaintiff is seeking to recover is insignificant to the Group. On 8 March 2017, the district court handed down a judgement in favour of the plaintiff and ordered the parties to commence settlement negotiation. On 20 April 2017, the Company filed a motion for reconsideration. As of date of issuance of these condensed consolidated financial statements, the motion remains pending and a fact discovery on the remaining claims is scheduled to end in October 2017.

The Directors believe that the Company's arguments remain valid and consider that no provision for liability is required under the current circumstances.

CORPORATE GOVERNANCE

The Board and the Company are committed to achieving high standards of corporate governance that properly protect and promote the interests of the shareholders and other stakeholders of the Company. We also believe that this is essential for the Company's sustainable long term performance and value creation.

Our Board is at the centre of our corporate governance structure regularly reviewing, refining and overseeing enforcement of the Company's corporate governance principles and practices. A more comprehensive corporate governance overview covering the following key components of the Company's governance framework is available on the Company's website www.aactechnologies.com:

I. Board of Directors and Executive Management
II. Board Committees
III. Corporate Governance Code
IV. Legal and Regulatory Compliance
V. Sustainability
VI. Internal Audit, Risk Management and Internal Control
VII. External Audit
VIII. Code of Conduct and Whistleblowing Policy
IX. Shareholders Engagement and Value
X. Company Secretary
XI. Shareholders' Rights

For the six months ended 30 June 2017, the Company met the Code Provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules ("**CG Code**"). The Company has a culture of adopting governance best practices even though they were not required by the prevailing regulations where the Board deemed adoption would enhance the Company's governance standards. Some examples of this are quarterly financial results reporting and whistle-blowing policy.

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms not less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**").

On specific enquiries made, all the 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 the Directors' securities transactions during the six months ended 30 June 2017.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2017, the Company repurchased 3.0 million on the Stock Exchange and cancelled 1.0 million of its own shares. Particulars of the shares repurchased are as follow:

Month	Number of ordinary shares repurchased	Repurchase price			Aggregate consideration paid
		Highest	Lowest	Average	
		HK$	*HK$*	*HK$*	*HK$'000*
June 2017	3,000,000[(1)]	98.45	91.30	95.37	286,769[(2)]

Notes:

(1) 1,000,000 shares were cancelled in June 2017 and the remaining 2,000,000 shares were cancelled in July 2017.

(2) Including brokerage, taxation expense and transaction cost of HK$666,000.

Save as disclosed above and the section headed Share Award Scheme in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.40 (2016: HK$0.30) per ordinary share for the six months ended 30 June 2017 which will be paid on Tuesday, 26 September 2017.

For the purpose of determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Thursday, 14 September 2017 to Tuesday, 19 September 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on Wednesday, 13 September 2017. Shares of the Company will be traded ex-dividend as from Tuesday, 12 September 2017.

DESPATCH OF INTERIM REPORT

The interim report of the Company will be dispatched to the shareholders as well as published on the websites of the Company and the Stock Exchange on or around Thursday, 14 September 2017.

On behalf of the Board
AAC Technologies Holdings Inc.
Koh Boon Hwee
Chairman

Hong Kong, 25 August 2017

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.

The English text of this announcement shall prevail over the Chinese text in case of any inconsistency.