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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: 2018)

RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2021

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 condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 31 March 2021 (“**Q1 2021**”) together with the comparative figures for the corresponding period in 2020 (“**Q1 2020**”).

These unaudited condensed consolidated financial statements have been reviewed by the Company’s audit and risk committee and approved by the Board on 14 May 2021.

2021 FIRST QUARTER HIGHLIGHTS (UNAUDITED):

<i>(RMB Million)</i>	Q1 2021	Q1 2020	<i>YoY%</i>
Revenue	4,292	3,560	+20.6%
Gross Profit	1,337	823	+62.5%
<i>Gross Profit Margin</i>	31.1%	23.1%	+8.0ppts
Net Profit*	532	53	+909.6%
<i>Net Profit Margin</i>	12.4%	1.5%	+10.9ppts
Basic EPS (RMB)	0.44	0.04	+909.6%
Share Numbers (Weighted average, million)	1,209	1,209	

* Net profit represents profit attributable to owners of the Company.

BUSINESS REVIEW

In the first quarter of 2021, the Group achieved revenue of RMB4.29 billion, representing a year-on-year (“YoY”) increase of 20.6%. The demand of the global smartphone market is on a recovering trend. The major overseas customer’s peak season had a delayed start in the fourth quarter last year. Various business segments of the Group have further penetrated into the domestic Android market. All of the reasons above contributed to a significant YoY growth of the Group’s total revenue. Benefiting from the high operating efficiency, effective cost control measures and the continuous optimization of product portfolios, gross profit margin of the Group for the first quarter of 2021 increased 8.0 percentage points YoY to 31.1%, and net profit increased by 909.6% YoY to RMB532 million.

The Group remains prudent in financial management, and stringently manages capital expenditures and research and development (“R&D”) expenses to conduct active liquidity management. During the period under review, operating cash inflows stood at RMB872 million, and the main capital expenditure amounted to RMB1.11 billion. As at 31 March 2021, net gearing ratio was 2.7%, and cash on book was RMB6.71 billion. We believe a sound financial position is critical to the sustainability of the Group’s development, which ensures the Group’s ability to continue to innovate and develop in the future.

During the period under review, as the performance of various business segments of the Group achieved satisfactory development, the competitive edge of fast growing business development on the back of advanced experience solutions has become more pronounced. For the optics business segment, the Group’s market share continued to grow. The mass production and shipment of 1 Glass 5 Plastic hybrid lens were completed in the first quarter of 2021. Differentiated user experience is expected to accelerate the introduction of other high-end hybrid lens projects. With respect to the acoustics segment, enhanced management efficiency has helped the gross profit margin of Android acoustics products to improve further. The standardized small cavity speaker module to be launched is expected to fit the market trend of stereo acoustics. By improving user experience, it is expected to further strengthen the market competitiveness as well as profitability for the segment. With respect to electromagnetic drives segment, haptics feedback solution, leveraging on the high-performance x-axis motors, provides a high quality user experience for all application connections in the ecosystem. This helps to enhance consumers’ haptic perception and promote product upgrade and iteration of our customers. The precision mechanics business expanded smoothly into new business areas such as notebooks and tablets. And, in the MEMS segment, our market share in the smartphone market further increased. Moving forward, the Group is expected to accelerate the expansion in the Internet of Things (“IoT”), smart home appliances, wearable devices and automotive markets, etc.

BUSINESS SEGMENTS

Acoustics Business

In the first quarter of 2021, as the overseas customer's peak season has partially delayed from fourth quarter last year to the first quarter this year, and our market share has increased in the Android acoustics market, revenue from the acoustics segment rose by 47.5% YoY to RMB2.10 billion. The Group continued to optimize product line management, demonstrating results from further cost reduction and efficiency enhancement efforts through project-based closed-loop management. Android acoustic products' gross profit margin continued to improve further from the growth momentum in the fourth quarter of 2020. The overall gross profit margin of acoustics segment rose by 11.4 percentage points YoY to 37.4%. Going forward, the production of single unit to modules of the Android acoustics products is expected to be gradually automated. The gross profit margin of Android acoustic products and the overall gross profit margin of the segment will continue to increase.

With the stereo and multi-track solutions becoming standard functions for flagship and foldable phones, and gradually penetrating into the low- and mid-tier models, we expect the market size of the acoustics industry to increase. With a smaller size and good sound quality, the Group's standardized small cavity speaker module is seen to perfectly fit the stereo design and promote the popularity of stereo acoustics. The standardized products are expected to fully leverage on the Group's advantages in automated production, thus effectively increasing the capacity utilization rate and improving the gross profit margin. The standardized small cavity speaker modules are expected to be shipped from the second quarter this year and its proportion within the Android product shipment volume is expected to continue to increase.

Optics Business

In the first quarter of 2021, along with an increasing shipment of plastic lens and a steady growth of the camera module business, revenue from the optics segment has increased by 175.7% YoY to RMB674 million. Leveraging on the high-precision and customized production equipment, as well as an automated manufacturing process, the production yield and production efficiency of the optics business have improved steadily. The overall gross profit margin increased by 18.1 percentage points YoY to 27.8%, among which the gross profit margin of the plastic lens business has reached 36.3%. The gross profit margin for the camera module business has also turned positive.

We are confident that Optics business is one of the key strategic business future growth drivers for the Group. We have successfully obtained the supplier qualifications for certain Android flagship smartphones, and are expected to steadily increase our market share among overseas Android customers. Going forward, we will continue to expand in the market of high-end lenses, increasing the proportion of 6P and above products, continuously optimizing product mix, and improving the profitability of the plastic lens business.

The Group's unique Wafer-level Glass ("WLG") hybrid lens were mass-produced and shipped as scheduled in the first quarter. The product has a wider aperture and a higher light intake. As a result, the optics performance is significantly enhanced. This has provided consumers with a differentiated user experience, which is highly recognized by our customers. Our customers are also in communication with us on the demand for this product in other phone models, and we are accelerating the introduction of other high-end hybrid lens projects. We are in close discussions with leading global smartphone manufacturers in relation to the 1 Glass 6 Plastic hybrid lens project. Hybrid lens products with two pieces of WLG glass lenses are steadily in progress. It is expected that samples will be sent to customers by the end of this year. In terms of production capacity expansion, the Chongqing glass lens plant was completed at the end of last year and the Czech molding tool plant is expected to be completed in the second quarter. The Group's hybrid lens manufacturing capacity is expected to be enhanced, which will boost the customers' confidence to adopt hybrid lens instead of traditional plastic lens.

Based on the Group's core strategy of vertical integration, the camera module business has shown a steady progress as planned. The Group's camera module R&D and manufacturing capabilities have been well recognized by customers. The gross profit margin has turned positive in the first quarter of 2021. The higher-end 48M project is on track. Going forward, the Group will continue to improve high-end camera module manufacturing capabilities. Operation of the Voice Coil Motor ("VCM") production lines has begun, and certified shipments in small batches have been made to customers. The Group will further develop its capabilities in vertical integration, enhance added-value of the optics business, understand customers' need for product upgrade and improve user experiences.

Electromagnetic drives and precision mechanics business

In the first quarter of 2021, due to a decline in unit price for electromagnetic products from a major customer, and the decrease in shipment volume of the metal casing business, revenue for the combined segment decreased by 27.3% YoY to RMB1.23 billion. Due to increased gross profit margin from the metal casing business, the combined gross profit margin for this business segment increased slightly by 1.9 percentage points from the same period last year to 25.5%.

Leveraging on the advantages of the high-performance x-axis haptics motors with a low noise, fast start up / shut down capability and agile feedback, the Group has launched the haptics solution with a precise, exquisite and rich human-computer interaction, which provides the best user experience for all application connections in the ecosystem and enhances consumers' haptic perception. Currently, customers have provided positive feedbacks, allowing x-axis haptics motors and solutions to be used in a range of mid-to high-end and gaming smartphones. The Group will continue to promote product upgrade and iteration for customers to improve consumer user experience. The effect of product upgrade is expected to show more result in the fourth quarter of 2021, thus driving a potential multi-fold shipment volume growth in 2021.

The Group's precision mechanics business was affected by a customer's shipment decline, and its revenue impacted compared to last year. However, benefitting from the flexible adjustment of production capacity and effective cost control measures, the utilization rate and gross profit margin remained stable with a slight increase. Relying on the advanced precision manufacturing capabilities, the Group's metal casing business has gained leading market shares in the flagship and high-end smartphones among major customers. In response to the uncertain external environment, the Group is proactively expanding into different products. Currently the Group has expanded into multiple smartphone customers in metal casing business and has entered into notebook and tablet metal casing markets. Such diversification will improve production capacity utilization and mitigate business risks. In addition, the Group believed that wireless charging technologies platforms are expected to generate revenues in the future.

MEMS business

In the first quarter of 2021, given the increase in market share, revenue from the MEMS segment grew by 42.2% YoY to RMB283 million, and gross profit margin remained stable from the same period last year to 16.7%. The Group will continue to increase its market share this year. While maintaining a high market share in the smartphone market, the Group will continue to expand into IoT, smart home appliances, wearables devices and automotive markets. Currently the Group has already entered the supply chain for MEMS microphones for a well-known new energy vehicle manufacturer. In addition, the True Wireless Stereo ("TWS") earphone and notebook markets have demand for product upgrade for microphones with a higher signal-to-noise ratio, smaller size and lower power consumption. Further market penetration in these markets is expected to help to improve the proportion of high-end MEMS products.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE THREE MONTHS ENDED 31 MARCH 2021

	1.1.2021 to 31.3.2021 Unaudited RMB'000	1.1.2020 to 31.3.2020 Unaudited RMB'000
Revenue	4,291,989	3,560,095
Cost of goods sold	(2,955,091)	(2,737,245)
Gross profit	1,336,898	822,850
Other income, gains and losses	73,822	129,533
Distribution and selling expenses	(68,733)	(66,958)
Administrative expenses	(175,686)	(171,705)
Research and development costs	(452,814)	(489,232)
Exchange gain (loss)	5,531	(11,582)
Finance costs	(97,631)	(83,682)
Profit before taxation	621,387	129,224
Taxation	(85,623)	(76,570)
Profit for the period	535,764	52,654
Other comprehensive income (expense):		
<i>Item that will not be subsequently reclassified to profit or loss:</i>		
Fair value changes on equity instruments at fair value through other comprehensive income	14,192	(10,432)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Fair value changes on derivative financial instruments	(144)	(24,778)
Loss reclassified to profit or loss on hedged items	4,764	1,840
Exchange differences arising on translation of foreign operations	(9,506)	18,364
Total comprehensive income for the period	545,070	37,648
Profit (loss) for the year attributable to:		
Owners of the Company	532,099	52,704
Non-controlling interests	3,665	(50)
	535,764	52,654
Total comprehensive income (expense) attributable to:		
Owners of the Company	543,110	37,698
Non-controlling interests	1,960	(50)
	545,070	37,648
Earnings per share - Basic	RMB0.44	RMB0.04

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The performance and the results of operation of the Group as set out in this announcement are historical in nature and past performance is not a guarantee of future performance. This announcement 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 document; 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 expected to continue to experience, fluctuations in sales and results of operations from one quarter to the next. We believe that quarter-on-quarter and year-on-year comparisons of our periodic results of operations are, to some extent, meaningful to reflect cyclical 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.

IMPORTANT NOTE

The Company may have an investors' webcast and media conference after trading hours of the Hong Kong Stock Exchange on the date of this announcement. Please visit the Company's website www.aactechnologies.com for the Company's regular investor relations update.

Investors and shareholders of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
AAC Technologies Holdings Inc.
Zhang Hongjiang
Chairman

Hong Kong, 14 May 2021



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The Directors of the Company as at the date of this announcement are:

Executive Directors:

Mr. Pan Benjamin Zhengmin
Mr. Mok Joe Kuen Richard

Independent Non-executive Directors:

Mr. Zhang Hongjiang
Mr. Au Siu Cheung Albert
Mr. Peng Zhiyuan
Mr. Kwok Lam Kwong Larry

Non-executive Director:

Ms. Wu Ingrid Chun Yuan