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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 NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2021 ("**9M 2021**") together with the comparative figures for the corresponding period in 2020 ("**9M 2020**").

These unaudited condensed consolidated financial statements have been reviewed by the Company's audit and risk committee and approved by the Board on 11 November 2021.

**2021 NINE MONTHS HIGHLIGHTS (UNAUDITED):**

<i>(RMB Million)</i>	<b>9M 2021</b>	9M 2020	<i>YoY%</i>	<b>Q3 2021</b>	Q3 2020	<i>YoY%</i>
Revenue	<b>12,855</b>	12,357	+4.0%	<b>4,246</b>	4,520	-6.1%
Gross Profit	<b>3,379</b>	2,885	+17.1%	<b>964</b>	1,067	-9.6%
<i>Gross Profit Margin</i>	<b>26.3%</b>	23.3%	+3.0ppts	<b>22.7%</b>	23.6%	-0.9ppt
Net Profit*	<b>1,104</b>	751	+47.1%	<b>183</b>	430	-57.4%
<i>Net Profit Margin</i>	<b>8.6%</b>	6.1%	+2.5ppts	<b>4.3%</b>	9.5%	-5.2ppts
Basic EPS (RMB)	<b>0.91</b>	0.62	+47.1%	<b>0.15</b>	0.36	-57.4%
Share Numbers (Weighted average, million)	<b>1,209</b>	1,209		<b>1,209</b>	1,209	

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

## BUSINESS REVIEW

For the nine months of 2021 ("**9M 2021**"), the Group's revenue was RMB12.86 billion, up 4.0% year-over-year ("**YoY**"). Gross profit margin was 26.3%, up 3.0 percentage points ("**ppts**") YoY. Net profit was RMB1.10 billion, up 47.1% YoY. For the third quarter of 2021 ("**Q3 2021**"), revenue was RMB4.25 billion, down 6.1% YoY. Gross profit margin was 22.7%, down 0.9 ppt YoY. Net profit was RMB183 million, down 57.4% YoY. Compared to the second quarter, the gross profit margin dropped 2.3 ppts and net profit dropped 52.9% QoQ in Q3 2021. It was mainly due to: (1) the disrupted global supply chain due to COVID-19, (2) the increase in operating costs in China, and (3) weaker demand from domestic customers on the back of chip shortage resulting in delays and cancellations of certain phone models. The supply chain and COVID-19 overhangs may linger and cause near term uncertainties to the Group's financial performance. Despite these external factors, the Group will continue to monitor supply chain dynamics closely, and improve operational efficiencies to meet client's demand while managing internal resources in an agile manner.

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 reporting period, operating cash inflows were RMB1.26 billion and the main capital expenditures amounted to RMB2.94 billion. As of 30 September 2021, net gearing ratio was 8.8%, and cash on book was RMB6.20 billion. A sound financial position is essential to the sustainable growth of the Group, and ensures the Group's ability to continue to innovate and develop going forward.

The Group will focus on innovation-led growth strategy and continue to develop differentiated product edge as well as core competitiveness to proactively broaden the Group's business areas and strategic layout. On 20 October, the Group announced it intended to purchase 100% equity interests in Toyo Precision Appliance (Kunshan) Co., Ltd. ("**Toyo Precision**") at the Consideration of RMB450 million. Toyo Precision mainly manufactures metal casing, bottom and parts of tablets, wearables and notebooks products. The acquisition will bring synergies to the business development of the Group and enhance the Group's capabilities in precision mechanics. It will further expand the Group's business scope, strengthen customer relationship, further improve core competitiveness and enhance the Group's ability of sustainable growth. Furthermore, on 19 October, the Group announced investment in the Series A financing round for SWIR Vision Systems Inc. ("**SWIR Vision Systems**"). SWIR Vision Systems is a company pioneering the next generation of image sensor solutions for industrial automation, consumer electronics, AR/VR system, autonomous vehicles and other applications. This investment is in line with the Group's long-term strategy to further expand in the optics industry on the back of the Group's unique Wafer-level Glass ("**WLG**") technology and high-end precision manufacturing capabilities.

In the automotive industry, the Group is promoting a comprehensive solution for smart cars, across all the product lines including optics, acoustics, electromagnetic drive, and MEMS microphones, so as to provide a complete portfolio of products for customers. Particularly in automotive lens and Light Detection and Ranging ("LiDAR") sensor markets, the Group's product portfolio has covered front-view, surround-view, Occupant Monitoring System ("OMS") and Driver Monitoring System ("DMS") vehicle lens. The Group has been actively engaging with the Tier 1 automotive suppliers and Chinese electric vehicles OEMs, with concrete timeline for products to enter mass production phase in the future. At the same time, the development of more premium products are also underway as scheduled, including lens for LiDAR and vehicle lens products adopting the Group's WLG technology. With years of accumulated experience in precision manufacturing and automation, the Group sees great potential to expand into automotive vertical and provide further boost for the growth of business. The Group will continue to cultivate the existing business while actively looking for new growth opportunities through technology innovation and investment, to lay a solid foundation for the long-term sustainable development.

## **PERFORMANCE AND DEVELOPMENT OF BUSINESS SEGMENTS**

### **Acoustics Business**

For 9M 2021, the Group's acoustics business revenue was RMB6.34 billion, up 15.5% YoY. Gross profit margin was 30.7%, up 4.3 ppts YoY. For Q3 2021, the acoustics business revenue was RMB2.20 billion, up 1.9% YoY. Gross profit margin was 26.3%, down 0.3 ppt YoY. In Q3, the acoustics revenue was up 7.8% QoQ and gross profit margin was down 2.1 ppts QoQ. This was mainly because the business was impacted by the pandemic in overseas markets sustained from Q2 into Q3, which impacted the gross profit margin of the acoustics products for Android customers.

The gross profit margin for acoustics products for Android customers in Q3 dropped 7.4 ppts QoQ. The Vietnam factory has already resumed full normal production. As the one-off impact from this overseas pandemic has been alleviated, the Group expects recovery of the gross profit margin for Android acoustics products towards the normal level in the fourth quarter ("Q4"). In Q3 2021, the shipment volume for standardized small cavity speaker modules accounted for approximately 10% of the total shipment volume of Android acoustics products. The gross profit margin of Android acoustics products is expected to improve on the back of higher shipment volume of small cavity speaker module. With further penetration into low- to mid-end Android smartphone models, the Group will continue to provide customized acoustics solutions for different smartphone models, so as to further improve market share and the revenue contribution for acoustics business.

The Group's total acoustics solution, leveraging on high-density speaker module products and combined with sound effect algorithms and professional tuning, could be applied in various scenarios, especially in automotive applications. In Q3, the Group has cooperated with a well-known Chinese domestic automotive OEM to co-develop an audio system in smart cockpit for its new concept car. With two innovative products, ultra-thin full frequency speaker and ultra-thin woofer, the audio system can achieve narrow-slit sound effect and create a diversified sound field for an immersive sound experience for consumers. The system can also provide a new driving experience with integrated non-porous interior design. The Group has also cooperated with a leading Chinese electric vehicles manufacturer to co-develop mass-produced products. The Group expects that the Group's automotive acoustics system will be installed in the client's new car model which is scheduled to be launched in the near future. With the further development of ADAS technology, the sound system will also become one of the core components of the intelligent cockpit. The Group will also provide consumers with a superior acoustic experience underpinned by its acoustics' R&D platform and integrated algorithms and software development capabilities.

## **Optics Business**

During 9M 2021, the Group's optics business revenue was RMB1.87 billion, up 70.4% YoY. Gross profit margin was 22.6%, up 5.1 ppts YoY. For Q3 2021, revenue from the optics business was RMB390 million, down 17.6 % YoY. Gross profit margin was 15.0%, down 9.6 ppts YoY. On a QoQ basis, revenue decreased by 51.6% and gross profit margin dropped by 7.0 ppts versus Q2. It was primarily attributed by the shortage of upstream chip and raw materials resulting in delays and cancellations of domestic customers' smartphone models. The weaker smartphone demand impacted the capacity utilization rate and shipment volume of plastic lens and camera module.

In Q3 2021, due to the impact from weak demand, the total shipment of the plastic lens declined QoQ by 56.6%. Despite this, 6P plastic lens still accounted for over 10% of the total shipped volume. The gross profit margin in Q3 decreased by 8.7 ppts QoQ to 24.7% due to the lower utilization rate and average selling price ("ASP"). As the chip shortage situation is expected to be alleviated and customers' orders start to resume in the fourth quarter, the Group expects the shipment volume and gross profit margin for the plastic lens is likely to recover. The Group aims to optimize the product mix, and ship more high-end products to improve the profitability of the optics business. In the future, the Group will continue to actively engage with overseas customers, to lay a solid foundation for the long term growth of the optics business.

The WLG hybrid lens business is progressing smoothly. With its superior optical performance and effectiveness in reducing the lens height, hybrid lens is receiving more positive client response. The Group is seeing a prominent market trend of adopting hybrid lens solution in high-end smartphone models. Leveraging on the unique WLG hybrid lens technology, the Group is well positioned to capitalize on such trend and strive to achieve a leading position in the high-end lens market. Following the successful mass production and shipment of the first WLG project, other WLG hybrid lens projects are also progressing as scheduled. Another new project is expected to start mass production in the fourth quarter. The Group's improved technology and production capacity in WLG hybrid lens will enhance customers' confidence in adopting hybrid lens design and increase the Group's market share in the lens market.

Developing camera module business is an important strategic move of promoting the Group's optical lens and vertically integrated total optical solutions. In Q3, the monthly shipment was around 5 million units, down 21.3% QoQ. With some orders delayed from Q3 to Q4 and new projects in the pipeline, the Group expects total shipment for camera module to recover in Q4. Meanwhile, the Group's camera module manufacturing capabilities are gradually enhanced with more high-end camera module products in active client engagement. With proven capability of manufacturing and delivering high-end precision mechanics, the Group will expand and diversify its customer base, optimize the product mix and improve the segment's profitability.

## **Electromagnetic drives and precision mechanics business**

For 9M 2021, revenue from this combined segment amounted to RMB3.84 billion, down 22.1% YoY. Gross profit margin was 22.5%, up 0.3 ppt YoY. For Q3 2021, given the reduction in ASP of electromagnetic products sold to major customers as well as the decreased ASP for precision mechanics business, revenue from this combined segment was RMB1.40 billion, down 7.9% YoY. Gross profit margin was 20.3%, up 0.2 ppt YoY. On a sequential base, revenue grew by 14.5% mainly attributed by the increased shipment volume for key products. The gross profit margin remained relatively stable and slightly decreased by 1.9 ppts QoQ.

### **Electromagnetic drives business**

In Q3 2021, the shipment volume of x-axis haptics motors for Android customers has doubled YoY. The Group provides an integrated "hardware + software" customised solution for smartphone models across high-, mid- to low-end to help accelerate customer's upgrade and increase market penetration. The Group expects the shipment volume of x-axis haptics motors for Android customers to increase significantly on a year-on-year basis. With the development of 5G technology, the increasing demand for better gaming experience and the popularity of mechanical keyboards, haptic feedback will play a more significant role in human-computer interactions. Moreover, smart wearables, notebooks and intelligent cockpits will gradually adopt x-axis motors to deliver diverse haptic feedback to enhance rich tactile feedback for better end user experience. The increasing penetration of applications for x-axis motors in these smart devices will broaden the market demand of x-axis motors and provide new drives for the Group's haptic motor business.

### **Precision mechanics business**

In Q3, the precision mechanics business has made smooth progress in expanding market penetration and diversifying customer base. The shipment for metal casing products increased by 33.8% QoQ. As the Group maintains a sound relationship with leading domestic Android OEMs and continues to diversify the customer base, the market share of the Group's metal casing business for smartphone has gradually increased. The Group's advanced precision manufacturing capabilities are also recognized by non-smartphone customers. The Groups has entered the notebook and tablet market with industry-leading customers, which can bring new revenue streams for the precision mechanics business. The Group projects that the revenue contribution of notebook and tablet business can reach over 15% of precision mechanics this year. The Group's acquisition on Toyo Precision is expected to bring synergies to the existing precision mechanics business. It will further strengthen the Group's precision mechanics manufacturing capabilities, expand the customer base and improve the overall profitability of this business segment.

### **MEMS business**

In 9M 2021, the Group's MEMS business revenue was RMB775 million, down 6.2% YoY, and gross profit margin was 16.0% down 1.5 ppts YoY. For Q3 2021, the MEMS business recorded a revenue of RMB254 million, down by 31.1% YoY. Gross profit margin was 15.3%, down 3.7 ppts YoY. Compared to Q2, revenue increased by 6.5% and gross profit margin declined by 0.6 ppt, mainly due to higher production costs from chip price and ASP decline for major customer. More in-house chips will be adopted in MEMS microphone going forward which will help lower costs and hence drive profitability. While maintaining a stable and high market share in the smartphone market, the Group's MEMS microphone products have extended from smartphone to other markets such as TWS headset, smart speaker, tablet and automotive with share gain in these markets.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR  
LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	<b>1.1.2021 to 30.9.2021 (Unaudited) RMB'000</b>	1.1.2020 to 30.9.2020 (Unaudited) RMB'000
Revenue	<b>12,855,306</b>	12,357,069
Cost of goods sold	<b>(9,475,888)</b>	(9,472,015)
Gross profit	<b>3,379,418</b>	2,885,054
Other income, gains and losses	<b>267,833</b>	358,953
Share of results of associates	<b>(554)</b>	-
Distribution and selling expenses	<b>(230,053)</b>	(209,814)
Administrative expenses	<b>(599,694)</b>	(507,160)
Research and development costs	<b>(1,328,308)</b>	(1,435,355)
Exchange gain	<b>2,705</b>	86,162
Finance costs	<b>(326,728)</b>	(246,031)
Profit before taxation	<b>1,164,619</b>	931,809
Taxation	<b>(65,842)</b>	(186,044)
Profit for the period	<b>1,098,777</b>	745,765
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	<b>5,712</b>	(20,988)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising from translation of foreign operations	<b>(58,617)</b>	(36,819)
Fair value changes on derivative financial instruments	<b>(9,821)</b>	(27,632)
Loss reclassified to profit or loss on hedged items	<b>20,606</b>	14,006
	<b>(42,120)</b>	(71,433)
Total comprehensive income for the period	<b>1,056,657</b>	674,332
Profit (loss) for the period attributable to:		
Owners of the Company	<b>1,104,246</b>	750,666
Non-controlling interests	<b>(5,469)</b>	(4,901)
	<b>1,098,777</b>	745,765
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	<b>1,064,157</b>	679,233
Non-controlling interests	<b>(7,500)</b>	(4,901)
	<b>1,056,657</b>	674,332
Earnings per share		
- Basic	<b>RMB0.91</b>	RMB0.62
- Diluted	<b>RMB0.91</b>	N/A

## **PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS**

The performance and the consolidated 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 of Directors of the Company 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 results announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialize or turn out to be incorrect.

## **IMPORTANT NOTE**

The Company may have an investors' webcast and media conference for these unaudited quarterly results after trading hours of the Hong Kong Stock Exchange on the date of this announcement. Please visit the Company's website [www.aactechnologies.com](http://www.aactechnologies.com) for the Company's regular investor relations update.

The unaudited quarterly results relate only to selected unaudited key performance indicators of the Group and are based on the Group's internal records and management accounts. The unaudited quarterly results have not been reviewed or audited by independent auditors and are not a forecast of the annual performance of the Group as a whole.

Potential 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, 11 November 2021

*As at the date of this announcement, the Board comprises Mr. Pan Benjamin Zhengmin, Mr. Mok Joe Kuen Richard and Ms. Wu Ingrid Chun Yuan, together with four Independent Non-executive Directors, namely Mr. Zhang Hongjiang, Mr. Au Siu Cheung Albert, Mr. Peng Zhiyuan and Mr. Kwok Lam Kwong Larry.*