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AAC ACOUSTIC TECHNOLOGIES HOLDINGS INC.

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2018)

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF ASSETS

The Company announces that AAC (Shenzhen), a wholly-owned subsidiary of the Company, has entered into the Agreement with the Vendors in relation to the sale and purchase of the entire issued share capital of Shenzhen Meiou for a consideration of RMB120,000,000 on 7th November, 2007. Following the completion of the Acquisition, Shenzhen Meiou will become a wholly-owned subsidiary of AAC (Shenzhen).

As the applicable percentage ratios for the Acquisition under the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As Shenzhen Yuanyu, Shenzhen He Min and Mr. Zhonglai Pan (潘中來), being the vendors of this Acquisition, are the connected persons of the Company, the entering into of the Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement requirements and the Independent Shareholders' approval at the EGM.

The Acquisition is subject to Independent Shareholders' approval by way of poll on which Mr. Pan, Ms. Wu and their respective associates will abstain from voting at the EGM. A circular containing, among other things, information relating to the Acquisition, a letter from the Independent Board Committee, a letter from the independent financial advisor of the Company to the Independent Board Committee and the Independent Shareholders, together with a notice convening the EGM will be despatched to Shareholders as soon as practicable.

AGREEMENT DATED 7TH NOVEMBER, 2007

The Company announces that AAC (Shenzhen), a wholly-owned subsidiary of the Company, has entered into the Agreement with the Vendors in relation to the sale and purchase of the entire issued share capital of Shenzhen Meiou on 7th November, 2007.

Parties

Purchaser

AAC (Shenzhen) is a wholly-owned foreign enterprise established for a term of 20 years commencing from 12th January, 2004 under the laws of the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement. The principal activity of AAC (Shenzhen) is manufacture and sales of acoustic products, research and development.

Vendors

- (1) Shenzhen Yuanyu, an existing 66.865% shareholder of Shenzhen Meiou, which is wholly-owned by Mr. Boming Wu (吳柏明), who is the father of Ms. Wu and the father-in-law of Mr. Pan and therefore is a connected person of the Company. The principal activity of Shenzhen Yuanyu is leasing properties;
- (2) Shenzhen He Min, an existing 32.067% shareholder of Shenzhen Meiou, which is 9.97% owned by Mr. Zhonglai Pan (潘中來), who is the father of Mr. Pan and the father-in-law of Ms. Wu and therefore is a connected person of the Company; 19.94% owned by Mr. Junmin Pan (潘軍民), who is the younger brother of Mr. Pan and the brother-in-law of Ms. Wu and therefore is a connected person of the Company; and 70.09% owned by Shenzhen Yuanyu. The principal activity of Shenzhen He Min is investment holding;
- (3) Mr. Zhonglai Pan, an existing 0.035% shareholder of Shenzhen Meiou, who is the father of Mr. Pan and the father-in-law of Ms. Wu and therefore is a connected person of the Company;
- (4) Mr. Jiazheng Sha (沙家正), an existing 1% shareholder of Shenzhen Meiou, who is independent of and not connected with the Company; and
- (5) Mr. Desheng Li (李德生), an existing 0.033% shareholder of Shenzhen Meiou, who is independent of and not connected with the Company.

Assets to be acquired

Pursuant to the Agreement, AAC (Shenzhen) agreed to acquire and the Vendors agreed to sell the entire issued share capital of Shenzhen Meiou. Following the completion of the Acquisition, Shenzhen Meiou will become a wholly-owned subsidiary of AAC (Shenzhen).

Consideration

The total consideration for the Acquisition is RMB120,000,000 which is to be satisfied in cash and expected to be funded by internal resources of the Group. The consideration was arrived at after arms length negotiation, with reference to the net asset value of Shenzhen Meiou as at 30th September, 2007 amounting to approximately RMB122,590,537, which represents a discount of approximately 2.16%. The consideration is to be satisfied according to the shareholdings proportion held by each Vendor. The original purchase cost for Shenzhen Yuanyu, Shenzhen He Min and Mr. Zhonglai Pan were RMB58,172,550, RMB27,898,290 and RMB30,450 respectively which were calculated according to the shareholdings proportion held by each parties.

The total consideration is payable within 6 months of the conditions precedent and after the Agreement becoming effective.

Conditions Precedent

Completion of the Agreement is conditional upon, among other things, after the relevant conditions of the Agreement have been satisfied or waived by the relevant parties to the Agreement:

- (a) the approval of the Agreement and the transactions contemplated thereunder by the Independent Shareholders at the EGM;
- (b) all necessary approvals and consents in relation to the Acquisition having been obtained from relevant PRC authorities and the other third party(ies) (including the consent from the banker) and would not be withdraw or cancelled by the other third party(ies);
- (c) there has not revealed any breach of the undertakings of the Vendors in respect of the Agreement since the date of signing the Agreement and up to the Completion Date; and
- (d) there being no material adverse change (or effect) which has a material adverse effect on the financial position, business prospects, assets or liabilities of Shenzhen Meiou since the date of signing of the Agreement and up to the Completion Date.

AAC (Shenzhen) may at its absolute discretion at any time waive conditions (b) to (d) above in writing. If condition (a) could not be satisfied upon the signing of the Agreement between AAC (Shenzhen) and the Vendors, there is no obligation on either party to complete.

Information on Shenzhen Meiou

Shenzhen Meiou is a company established under the laws of the PRC on 12th June, 1998 with a total issued share capital of RMB87,000,000. As at the date of this announcement, Shenzhen Meiou is beneficially wholly-owned by the Vendors. The principal activity of Shenzhen Meiou in the past two years were trading of raw materials and manufacture and sales of Voltage-Controlled Oscillator (VCO) and Bluetooth products etc. The business had been almost terminated as Shenzhen Meiou's revenue for the ten months ended 31st October, 2007 was only approximately RMB179,000. The recent principal activity for Shenzhen Meiou is property holding.

According to the PRC accounting standards, the unaudited net asset value was RMB122,590,537.01 and the valuation of Shenzhen Meiou is conducted by Greater China Appraisal Limited using the asset approach was RMB200,322,971.15 as at 30th September, 2007. The following table sets out the unaudited net asset value of Shenzhen Meiou as at 30th September, 2007 and the net profits before and after taxation for the two financial years ended 31st December, 2005 and 2006 according to the PRC accounting standards:

Unaudited net asset value of Shenzhen Meiou valued as at 30th September, 2007 RMB		Net loss before taxation 2005 RMB		Net loss after taxation 2005 RMB	
		2006 RMB		2006 RMB	
Shenzhen Meiou	122,590,537.01	(2,146.26)	(5,935,212.76)	(2,146.26)	(5,935,212.76)

REASONS FOR THE ACQUISITION

The Group is principally engaged in the design and production of miniature acoustic components, which are used in mobile phone headsets, MP3 (MPEG, audio layer 3) players and other consumer handheld devices.

Shenzhen Meiou owned a property in Shenzhen and certain plants and land in Jiangsu. Shenzhen Meiou has been free-lending the property and equipment in Shenzhen and plants in Jiangsu to the Company. After considering the current rental market and the cost for acquiring Shenzhen Meiou, the Board considers that the Acquisition will benefit the Group as it is more economical to acquire Shenzhen Meiou than renting properties from Shenzhen Meiou in the long term. Furthermore, after the Acquisition, the Company may utilize the piece of land in Jiangsu for further property construction and plant establishment to cater to the Company's future development in increasing the plant capacity. Save for the above reasons, the Board considers that the Acquisition will enhance the fixed asset base of the Group which the Board believes will have a good potential to appreciate in value and will therefore benefit the Group in the long term.

The terms of the Agreement were negotiated on an arm's length basis and were made on normal commercial terms. The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice of an independent financial advisor) consider that the terms of the Agreement are fair and reasonable to the Company and the Acquisition is in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios for the Acquisition under the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As Shenzhen Yuanyu, Shenzhen He Min and Mr. Zhonglai Pan, being the vendors of this Acquisition, are the connected persons of the Company as mentioned under the section of "Vendors" of this announcement, the entering into of the Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and

is subject to reporting, announcement requirements and the Independent Shareholders' approval at the EGM. Accordingly, Mr. Pan, Ms. Wu and their respective associates will abstain from voting at the EGM.

A circular containing, among other things, information relating to the Acquisition, a letter from the Independent Board Committee, a letter from the independent financial advisor of the Company to the Independent Board Committee and the Independent Shareholders, together with a notice convening the EGM will be dispatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AAC (Shenzhen)”	AAC Acoustic Technologies (Shenzhen) Co., Ltd. (瑞聲聲學科技 (深圳) 有限公司), a wholly-owned foreign enterprise for a term of 20 years commencing from 12th January, 2004 and a wholly-owned subsidiary of the Company
“Acquisition”	the acquisition of Shenzhen Meiou by AAC (Shenzhen) pursuant to the Agreement
“Agreement”	the shares transfer agreement dated 7th November, 2007 entered into between AAC (Shenzhen) and the Vendors, who are the existing ultimate beneficial owners of the entire equity interests in Shenzhen Meiou
“Board”	the board of Directors
“Company”	AAC Acoustic Technologies Holdings Inc., a company incorporated in the Cayman Islands as an exempted company with limited liability on 4th December, 2003 whose shares are listed on the Stock Exchange
“Completion Date”	date of completion of the sale and purchase under the Agreement
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to approve the Acquisition under the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee constituted by Mr. Koh Boon Hwee, Dr. Dick Mei Chang and Mr. Mok Joe Kuen Richard, all being independent non-executive Directors
“Independent Shareholders”	Shareholders who are independent of and not connected with the Vendors

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Pan”	Mr. Benjamin Zhengmin Pan, an executive director and a substantial shareholder of the Company, spouse of Ms. Wu
“Ms. Wu”	Ms. Ingrid Chunyuan Wu, a non-executive director and a substantial shareholder of the Company, spouse of Mr. Pan
“PRC”	the People’s Republic of China
“Shareholders”	the holder(s) of the shares in the Company
“Shenzhen He Min”	深圳市和民電子有限公司 (Shenzhen He Min Electronics Co., Ltd) [#] , a company established under the laws of the PRC
“Shenzhen Meiou”	深圳市美歐電子有限責任公司 (Shenzhen Meiou Electronics Co., Ltd) [#] , a company established under the laws of the PRC, which is the subject of the Acquisition, and 66.865% owned by Shenzhen Yuanyu, 32.067% owned by Shenzhen He Min, 0.035% owned by Mr. Zhonglai Pan, 1% owned by Mr. 沙家正 (Jiazheng Sha) and 0.033% owned by Mr. 李德生 (Desheng Li)
“Shenzhen Yuanyu”	深圳市遠宇實業發展有限公司 (Shenzhen Yuanyu Industrial Development Co., Ltd) [#] , a company established under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Shenzhen Yuanyu, Shenzhen He Min, Mr. Zhonglai Pan, Mr. 沙家正 (Jiazheng Sha) and Mr. 李德生 (Desheng Li)
“RMB”	Renminbi, the lawful currency of the PRC

[#] *The English translations of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translations of such Chinese names or words*

By order of the Board
AAC ACOUSTIC TECHNOLOGIES HOLDINGS INC.
Koh Boon Hwee
Chairman

Hong Kong, 8th November, 2007

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