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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of AAC Technologies Holdings Inc. (the "**Company**") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30th June, 2013 together with the unaudited comparative figures for the corresponding period in 2012. These condensed consolidated financial statements have not been audited, but have been reviewed by the auditor, Deloitte Touche Tohmatsu, and the Company's audit committee (the "**Audit Committee**") and approved by the Board on 16th August, 2013.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th June, 2013

	NOTES	**1.1.2013 to 30.6.2013 (Unaudited)** ***RMB'000***	1.1.2012 to 30.6.2012 (Unaudited) *RMB'000*
Revenue	*3*	**3,830,676**	2,589,163
Cost of goods sold		**(2,191,407)**	(1,463,501)
Gross profit		**1,639,269**	1,125,662
Other income		**39,864**	22,219
Net fair value gain (loss) on foreign currency forward contracts		**69**	(91)
Distribution and selling expenses		**(95,135)**	(75,947)
Administrative expenses		**(157,079)**	(88,287)
Research and development costs		**(284,615)**	(193,113)
Share of results of associates		**16,596**	(16,230)
Exchange gain (loss)		**31,876**	(1,040)
(Loss) gain on deemed disposal of partial interest in an associate	*4*	**(2,746)**	33,362
Finance costs		**(5,883)**	(4,844)
Profit before taxation	*5*	**1,182,216**	801,691
Taxation	*6*	**(109,451)**	(84,513)
Profit for the period		**1,072,765**	717,178
Other comprehensive expense:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising from translation		**(11,145)**	(203)
Total comprehensive income for the period		**1,061,620**	716,975
Profit (loss) for the period attributable to:			
Owners of the Company		**1,075,391**	720,298
Non-controlling interests		**(2,626)**	(3,120)
		1,072,765	717,178
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**1,064,125**	719,708
Non-controlling interests		**(2,505)**	(2,733)
		1,061,620	716,975
Earnings per share - Basic	*8*	**RMB87.57 cents**	RMB58.66 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30th June, 2013

	NOTES	**30.6.2013 (Unaudited) RMB'000**	31.12.2012 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	9	**3,874,069**	3,624,281
Goodwill		**32,931**	11,803
Prepaid lease payments		**111,844**	113,045
Deposits for acquisition of property, plant and equipment		**171,291**	158,556
Available-for-sale investment		**3,254**	3,254
Interests in associates		**242,625**	241,849
Intangible assets		**172,874**	144,451
Loan receivable from an associate		**-**	21,408
Loan receivable from a non-controlling shareholder of a subsidiary		**13,073**	-
		4,621,961	4,318,647
Current assets			
Inventories		**851,528**	957,511
Trade and other receivables	10	**2,022,330**	2,329,222
Amounts due from related companies		**4**	4
Foreign currency forward contracts		**-**	544
Taxation recoverable		**3,082**	-
Pledged bank deposits		**4,048**	5,919
Bank balances and cash		**1,907,364**	1,313,959
		4,788,356	4,607,159
Current liabilities			
Trade and other payables	11	**1,621,179**	1,575,442
Amounts due to related companies		**41,531**	25,730
Taxation payable		**120,579**	115,351
Foreign currency forward contracts		**103**	-
Short-term bank loans	12	**892,454**	1,034,881
Other short-term borrowings		**6,475**	-
		2,682,321	2,751,404
Net current assets		**2,106,035**	1,855,755
Total assets less current liabilities		**6,727,996**	6,174,402
Non-current liabilities			
Government grants		**10,329**	9,400
Deferred tax liabilities		**33,818**	34,921
Loan payable to a non-controlling shareholder of a subsidiary		**12,216**	-
		56,363	44,321
Net assets		**6,671,633**	6,130,081
Capital and reserves			
Share capital	13	**99,718**	99,718
Reserves		**6,532,106**	5,978,524
Equity attributable to owners of the Company		**6,631,824**	6,078,242
Non-controlling interests		**39,809**	51,839
Total equity		**6,671,633**	6,130,081

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2012.

In the current interim period, the Group has applied, for the first time, certain new or revised International Financial Reporting Standards ("IFRSs") that are mandatorily effective for the current interim period. The impact of the application of these standards is set out below.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new or revised 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.

3. SEGMENT INFORMATION

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

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

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

	1.1.2013 to 30.6.2013 ***RMB'000*** **(Unaudited)**	1.1.2012 to 30.6.2012 *RMB'000* (Unaudited)
Operating and reportable segments		
Segment revenue		
Dynamic components	**3,167,837**	2,000,765
Microphones	**410,325**	346,132
Headsets	**47,363**	44,572
Other products	**205,151**	197,694
Revenue	**3,830,676**	2,589,163
Segment results		
Dynamic components	**1,449,943**	939,091
Microphones	**123,692**	129,484
Headsets	**16,525**	5,788
Other products	**49,109**	51,299
Total profit for operating and reportable segments - gross profit	**1,639,269**	1,125,662
Unallocated amounts:		
Interest income	**9,612**	8,425
Other income	**30,252**	13,794
Net fair value gain (loss) on foreign currency forward contracts	**69**	(91)
Distribution and selling expenses	**(95,135)**	(75,947)
Administrative expenses	**(157,079)**	(88,287)
Research and development costs	**(284,615)**	(193,113)
Share of results of associates	**16,596**	(16,230)
Exchange gain (loss)	**31,876**	(1,040)
(Loss) gain on deemed disposal of partial interest in an associate	**(2,746)**	33,362
Finance costs	**(5,883)**	(4,844)
Profit before taxation	**1,182,216**	801,691

3. SEGMENT INFORMATION - CONTINUED

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.

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

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

During the period ended 30th June, 2013, certain employees of an associate have exercised share options granted by the associate resulting in a dilution of the Group's equity interest in the associate from 20.0% to 19.1%. The Group's share of net assets in the associate decreased from RMB170,925,000 to RMB168,179,000 and the decrease in share of net assets of the associate was recognised in profit and loss as a loss on deemed disposal of partial interest in an associate.

During the period ended 30th June, 2012, an associate of the Company issued new shares to other shareholders resulting in dilutions of the Group's equity interest in the associate from 26.7% to 20.5%. In spite of the dilutions, because of the premium of the new shares issued, the Group's share of net assets in the associate increased from RMB67,709,000 to RMB101,071,000 and the increases in share of net assets of the associate was recognised in profit and loss as a gain on deemed disposal of partial interest in an associate.

5. PROFIT BEFORE TAXATION

	1.1.2013 to 30.6.2013 ***RMB'000*** **(Unaudited)**	1.1.2012 to 30.6.2012 *RMB'000* (Unaudited)
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	**6,755**	8,255
Allowance for obsolete inventories, included in cost of goods sold	**19,140**	3,461
Depreciation	**208,317**	148,890
Impairment loss recognised in respect of property, plant and equipment*	**20,288**	-
Loss on disposal of property, plant and equipment, net	**2,242**	307

* During the period, the Group had impaired certain property, plant and equipment of RMB20,288,000 due to termination of production on certain products that were not part of the Group's core business.

6. TAXATION

	1.1.2013 to 30.6.2013	1.1.2012 to 30.6.2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The charge comprises:		
PRC Income Tax	**74,738**	68,979
Overseas taxation	**34,713**	15,534
	109,451	84,513

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

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries are entitled to exemption from PRC Enterprise income tax for the two years commencing from their first profit making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC income tax for the following three years ("Tax Holiday"). The Tax Holiday has expired by the end of 2012.

In addition, certain PRC subsidiaries were officially endorsed as High-New Technology Enterprises till the dates ranging from 2nd August, 2014 to 6th August, 2015. Pursuant to the EIT Law, those PRC subsidiaries entitled as High-New Technology Enterprises shall be entitled to a preferential tax rate of 15% till the dates ranging from 2nd August, 2014 to 6th August, 2015.

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 up to 2018.

7. DIVIDENDS

During the current interim period, a final dividend of HK50.8 cents per share in respect of the year ended 31st December, 2012 (the six months ended 30th June, 2012: final dividend of HK21.6 cents per share in respect of the year ended 31st December, 2011) was paid to shareholders of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK$623,824,000 (equivalent to approximately RMB496,938,000) (the six months ended 30th June, 2012: HK$265,248,000 (equivalent to approximately RMB216,228,000)).

Subsequent to the end of the interim period, the Directors have determined that an interim dividend of HK25.0 cents per share (2012 interim dividend: HK20.0 cents) will be paid to the shareholders of the Company.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30th June, 2013 is based on the profit for the period attributable to owners of the Company of RMB1,075,391,000 (the six months ended 30th June, 2012: RMB720,298,000) and on the 1,228,000,000 (the six months ended 30th June, 2012: 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 ordinary shares outstanding.

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately RMB487 million (the six months ended 30th June, 2012: RMB604 million). Part of the consideration of approximately RMB159 million (the six months ended 30th June, 2012: RMB123 million) was settled through deposits paid in prior period.

10. TRADE AND OTHER RECEIVABLES

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 days to 120 days of issuance. The Group may accept bank acceptance bills with maturities ranging from 30 days to 180 days at the end of the credit terms in lieu of immediate cash payment. As at 30th June, 2013, the Group has accepted such bills amounting to RMB73,107,000 (as at 31st December, 2012: RMB53,734,000). The following is an aged analysis of trade and bills receivables by age, presented based on the invoice date which approximated the revenue recognition date. The analysis below is net of allowance for doubtful debts.

	30.6.2013 ***RMB'000*** **(Unaudited)**	31.12.2012 *RMB'000* (Audited)
Age		
0 - 90 days	**1,429,047**	1,509,361
91 - 180 days	**240,906**	386,431
Over 180 days	**6,497**	11,995
	1,676,450	1,907,787

11. TRADE AND OTHER PAYABLES

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

	30.6.2013 ***RMB'000*** **(Unaudited)**	31.12.2012 *RMB'000* (Audited)
Age		
0 - 90 days	**1,055,880**	1,028,106
91 - 180 days	**125,598**	98,457
Over 180 days	**889**	1,427
	1,182,367	1,127,990

12. SHORT-TERM BANK LOANS

These loans carry interest ranging from 0.81% to 1.96% per annum (as at 31st December, 2012: carry interest ranging from 0.59% to 1.75% per annum). The Company issued guarantees to the banks to secure the borrowings.

13. SHARE CAPITAL

	Number of shares	Amount
		US$'000
Shares of US$0.01 each		
Authorised:		
Ordinary shares at 1st January, 2012, 1st January, 2013 and 30th June, 2013	5,000,000,000	50,000
Issued and fully paid:		
Ordinary shares at 1st January, 2012, 1st January, 2013 and 30th June, 2013	1,228,000,000	12,280
		RMB'000
Presented in the condensed consolidated statement of financial position As at 1st January, 2012, 1st January, 2013 and at 30th June, 2013		99,718

14. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of foreign currency forward contracts as at 30th June, 2013 liabilities of RMB103,000 (as at 31st December, 2012: assets of RMB544,000) is determined by discounted cash flow that future cash flow are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and forward contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

The valuation of all foreign currency forward contracts are classified in level 2 of the fair value hierarchy with the fair value derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Except as detailed above, the Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

15. ACQUISITION

Step acquisition from associate to subsidiary

The Group held 50% equity interest in an associate, Mems Technology Pte. Ltd. ("MemsTech"), as at 31st December, 2012. Pursuant to an agreement entered between the Company and other shareholder of MemsTech, the Company acquired a further 10% equity interest in MemsTech for a consideration of RMB5,598,000 by discharging the same amount of loan advanced to MemsTech. The transaction was completed on 31st May, 2013 and MemsTech is treated as a subsidiary of the Company from that date.

MemsTech is a private company incorporated in Singapore and engaged in research and development and manufacture and sale of Micro Electro-Mechanical System ("MEMS") products. The goodwill of RMB21,128,000 arising from the acquisition is attributable to the future economic benefits that are expected to accrue to the Group from operating synergies and revenue growth incurred by the joint contributions of technology from MemsTech and business management skills from the Group.

The following table summarises the consideration transferred for MemsTech and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	Fair values *RMB'000*
The assets acquired and liabilities recognised at the date of acquisition were as follows:	
Property, plant and equipment	**4,044**
Intangible assets	**24,803**
Inventories	**1,407**
Trade and other receivables	**2,187**
Bank balances and cash	**1,608**
Trade and other payables	**(3,154)**
Borrowings*	**(33,312)**
Deferred tax liabilities	**(4,216)**
	(6,633)
Goodwill arising on acquisition:	
Consideration	**5,598**
Add: Non-controlling interests	**(2,653)**
Fair value of previously held interest in MemsTech	**11,550**
Net liabilities recognised	**6,633**
Goodwill arising on acquisition	**21,128**
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	**1,608**

* Included in the borrowings recognised at the date of acquisition represent loan payable to the Group of RMB14,543,000, loan payable to a non-controlling interest of RMB12,222,000 and other short-term borrowings of RMB6,547,000.

15. ACQUISITION - CONTINUED

Step acquisition from associate to subsidiary - continued

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes. The intangible assets represent patents and technical know-how in relation to MEMS products design and manufacture. The fair value is estimated by an independent and professionally qualified valuer and calculated using multi-period excess earnings method based on the cash flow projection, attrition rate and discount rate adopted by the management.

The fair value of the previously held interest held by the Group was estimated by an independent and professionally qualified valuer. The fair value estimates are calculated using discounted cash flow method based on cash flow projection, growth rate and discount rate adopted by the management. The Group recognised a gain of RMB2,179,000 as a result of the remeasurement of previously held interest. The gain was included in other income for the period ended 30th June, 2013. The Group recognised the non-controlling interest at the proportionate share of net liabilities of MemsTech.

The trade and other receivables acquired amounting to RMB2,187,000 represents the gross contractual amount and is approximate to the fair value. The best estimate at the date of acquisition is that all receivables will be collected.

MemsTech contributed no revenue and a loss of RMB272,000 to the Group since the acquisition. Had MemsTech been consolidated from 1st January, 2013, the impact of the Group's revenue and the profit attributable to the equity holders of the Company for the period ended 30th June, 2013 would have been insignificant.

16. MAJOR NON-CASH TRANSACTIONS

During the period, the Group's rights to loan receivable of RMB7,905,000 from MemsTech was assigned to a non-controlling shareholder and the remaining balance of loan receivables from MemsTech of RMB7,905,000 is accounted for as an intra-group balance and was eliminated when consolidating MemsTech into the Group.

Also, during the period, the Group discharged a loan of RMB5,598,000 due from MemsTech as part of its consideration for acquisition in MemsTech, see note 15 for details.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

AAC Technologies is an established designer, developer and manufacturer of a broad range of miniaturized acoustic components. The Company also provides a range of innovative technology design solutions in non-acoustic segments. Most manufacturing is done in the Company's state-of-the-art production facilities. Acoustic products include speakers, receivers and microphones and non-acoustic products include antennas, optical lenses, vibrators and ceramics products. The Company serves a large number of geographically diverse customers in the consumer electronics market and the Company's products are found in mobile handsets, tablets, ultrabooks, notebook computers and electronic book-readers. The Company is global in scope with research and development centers in the PRC and Singapore, testing laboratories in Singapore and Korea, manufacturing facilities in the PRC and sales offices throughout the world.

As a technology company, the Company recognizes the importance of continuous and focused research and development. We will continue to develop and strengthen our research and development capabilities and our intellectual property portfolio. Our management team is committed to identify and evaluate appropriate opportunities to invest in or form alliances with global technology companies that will create synergy with the Company's existing technology capabilities.

MARKET REVIEW

Smartphones and tablets remain our major customer segment. The growth in this core smart devices market continued in the first half year of 2013. At the same time, competition intensified for innovative design solutions in devices of varying forms and sizes, and among the brand owners, their market shares continued to be reshuffled. Enhanced technical performance and better design features of devices provide our customers with winning differentiating factors. In the upgrading process, an ability to provide innovative acoustic solutions and customised built-in functionality continues to be an important distinguishing feature. Our Company's design and production capabilities have enabled us to deliver exact and superior acoustic solutions demanded by our customers. We have also created a more diversified customer and market base. As a result, the Company was again able to deliver good growth and financial results for the six months ended 30th June, 2013.

In addition to consolidating our leading position in the acoustic segment, we are addressing potential markets for miniature non-acoustic solutions in optics and wireless technologies. We believe that by having an extended range of innovative technology solutions we would be able to widen and deepen our relationships with the customers that we already serve.

FINANCIAL REVIEW

The growing demand for mobile devices is a key factor in driving ongoing revenue growth. The acoustic segment continues to generate business growth. The Group continued to deliver strong organic growth in the first half year of 2013. With the solid performance this half year, we generated RMB1,678.7 million in net cash flow from operations. For the six months ended 30th June, 2013, the Group's total revenue reached RMB3,830.7 million, representing an increase of RMB1,241.5 million, or 47.9%, compared with the first half year of 2012. Gross profit of RMB1,639.3 million was RMB513.6 million, or 45.6%, higher than the first half year of 2012. Profit attributable to owners of the Company amounted to RMB1,075.4 million, a 49.3% increase from RMB720.3 million reported in the corresponding period of 2012. Basic earnings per share amounted to RMB87.57 cents, up 49.3% from RMB58.66 cents for 2012.

GEARING RATIO AND INDEBTEDNESS

The gearing ratio of the Group, computed by dividing total loans and borrowings by total assets, was 9.7% as at 30th June, 2013 compared with 11.6% as at 31st December, 2012.

As at 30th June, 2013, the Group had RMB892.5 million of bank loans, all short term, compared with RMB1,034.9 million as at 31st December, 2012.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had a solid financial position and continued to maintain a strong and steady cash inflow from operating activities. As at 30th June, 2013, the Group had RMB1,907.4 million in unencumbered cash and cash equivalents. Management believes that the Group's current cash and cash equivalents, together with available credit facilities and expected cash flow from operations, will be sufficient to satisfy the current operational requirements of the Group.

FOREIGN EXCHANGE

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

It is the Group's 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 will not enter into derivative transactions for trading or speculative purposes.

CHARGES ON GROUP ASSETS

Apart from bank deposit amounting to RMB4.0 million and RMB5.9 million that were pledged to banks respectively as at 30th June, 2013 and 31st December, 2012, no other Group assets were charged to any financial institutions.

ACQUISITION OF A SUBSIDIARY

In August 2011, the Group acquired a 50% equity interest in MemsTech, a private company incorporated in Singapore engaged in the design and manufacture of MEMS products. In May 2013, the Company in view of the positive progress made by MemsTech, increased our equity interest to 60% by acquiring an additional 10% shareholding.

EMPLOYEE INFORMATION

As at 30th June, 2013, the Group employed 26,804 permanent employees. Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. Management regularly reviews the Group's remuneration policy and appraises the work performance of its staff. Employee remuneration includes salaries, allowances, social insurance and mandatory pension fund. As required by the relevant regulations in the PRC, the Group participates in the social insurance schemes operated by the relevant local government authorities. The Group also participates in the mandatory pension fund and social insurance schemes for our employees in Hong Kong, Taiwan, Singapore, South Korea, USA and various countries in Europe.

PROSPECTS

In the first half of this year, the Company recorded similar sales revenue in the second quarter to that of the first quarter. In this second quarter, there were concerns of the US Federal Reserve's plan to reduce the quantitative easing stimulus and signs of a slowdown in China's economy. As consumers turned more value conscious regarding upgrading their devices, mobile devices brands suffered from a lack of new product launches, the mobile consumer electronics segment faced poor market sentiments. However, industry forecasts predict that global shipments of both smartphones and tablets will continue to increase in 2013 and beyond, the outlook for demand of smart mobile devices remains positive.

In particular, the low and mid-end segments targeting emerging markets show strong growth momentum. The rising acoustic and functional specifications of devices in these segments provide exciting business opportunities for the Company. We believe we are well positioned for stronger growth in the second half of the year.

Our customers in designing new devices, focus on better user-experience and a shorter new-model launching cycle. Design innovativeness and responsive quality production capability have become increasingly important criterion for their selection of technology components' solutions providers. We have been able to leverage on our technology and production know-how to meet our existing and new customers' requirements.

The Company remains committed to develop in-house intellectual property and to broaden our technology capabilities beyond our solid foundation in acoustics. During the six months ended 30th June, 2013, we have successfully obtained 168 additional acoustic and non-acoustic patents, bringing our total portfolio to 1,076 patents. In the same period, we filed another 113 patent, which brings patents pending to a total of 373.

Technology leadership, production efficiencies and strong execution have propelled to our business growth. We aim to further increase our market share through innovative solutions and strong R&D, while increasing productivity and manufacturing efficiency.

Ultimately, our goal is to become one of the world's leading micro technology components solution providers.

DIVIDENDS

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

During the first half year of 2013, a final dividend of HK50.8 cents per share for the year ended 31st December, 2012 (2011 final dividend: HK21.6 cents per share) was paid to shareholders of the Company.

The Board have declared an interim dividend of HK25.0 cents (2012: HK20.0 cents) per ordinary share in respect of the first half year of 2013. The interim dividend will be paid on or around 27th September, 2013 to the shareholders of the Company, whose names appeared on the register of members of the Company on 13th September, 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9th September, 2013 to 13th September, 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 6th September, 2013.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30th June, 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance that properly protect and promote the interests of the shareholders and other stakeholders of the Company.

Our Board of Directors is at the centre of our corporate governance structure regularly reviewing, refining and overseeing enforcement of the Company's corporate governance practices. The Board is of the view that the current framework and internal established processes will enable the Company to comply with applicable statutory and regulatory requirements and the latest best corporate governance practices.

CORPORATE GOVERNANCE - CONTINUED

For the period ended 30th June, 2013, the Company had complied with all the Code Provisions as set out in the Corporate Governance Code (the “CG Code”) in the Appendix 14 of the Listing Rules.

The Company has adopted a code of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules (the “Model Code”).

All Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions during the six months ended 30th June, 2013.

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

Hong Kong, 16th August, 2013

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.