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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)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2013

FINANCIAL HIGHLIGHTS

Revenue of the AAC Technologies Holdings Inc. ("**AAC Technologies**" or the "**Company**" and together with its subsidiaries, collectively the "**Group**") for the year ended 31st December, 2013 amounted to RMB8,095.9 million, representing an increase of 28.9% from RMB6,282.9 million for the previous year. Profit attributable to owners of the Company for the year ended 31st December, 2013 amounted to RMB2,577.6 million, representing an increase of 46.2% from RMB1,762.6 million for the previous year.

RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of the Company is pleased to announce the audited consolidated financial statements of the Group for the year ended 31st December, 2013 together with the audited comparative figures for the corresponding period in 2012. These audited consolidated financial statements have been reviewed by the Company's audit committee (the "**Audit Committee**") and approved by the Board on 25th March, 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2013

	NOTES	**2013**	2012
		RMB'000	*RMB'000*
Revenue		**8,095,889**	6,282,946
Cost of goods sold		**(4,637,153)**	(3,508,741)
Gross profit		**3,458,736**	2,774,205
Other income		**90,013**	71,139
Net fair value (loss) gain on foreign currency forward contracts		**(444)**	1,206
Distribution and selling expenses		**(181,943)**	(186,273)
Administrative expenses		**(348,534)**	(277,468)
Research and development costs		**(552,637)**	(461,568)
Share of results of associates		**12,286**	25,800
Net gain on deemed disposal of partial interest in an associate	*4*	**82,869**	35,407
Gain on deemed disposal of an associate	*11*	**240,151**	-
Exchange gain		**45,508**	45,103
Finance costs	*5*	**(11,466)**	(12,033)
Profit before taxation	*6*	**2,834,539**	2,015,518
Taxation	*7*	**(263,081)**	(258,945)
Profit for the year		**2,571,458**	1,756,573
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(25,184)**	(7,331)
Total comprehensive income for the year		**2,546,274**	1,749,242
Profit for the year attributable to:			
Owners of the Company		**2,577,583**	1,762,625
Non-controlling interests		**(6,125)**	(6,052)
		2,571,458	1,756,573
Total comprehensive income and expense attributable to:			
Owners of the Company		**2,551,838**	1,754,741
Non-controlling interests		**(5,564)**	(5,499)
		2,546,274	1,749,242
Earnings per share - Basic	*9*	**RMB2.10**	RMB1.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31st December, 2013

	NOTES	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	10	**3,968,788**	3,624,281
Goodwill		**32,931**	11,803
Prepaid lease payments		**110,643**	113,045
Deposits made for acquisition of property, plant and equipment		**199,260**	158,556
Available-for-sale investments	11	**364,531**	3,254
Interests in associates	12	**4,768**	241,849
Intangible assets		**179,333**	144,451
Loan receivable from a non-controlling shareholder of a subsidiary/former associate	13	**14,579**	21,408
		4,874,833	4,318,647
Current assets			
Inventories		**831,559**	957,511
Trade and other receivables	14	**2,580,539**	2,329,222
Amounts due from related companies		**16,229**	4
Foreign currency forward contracts	15	**-**	544
Taxation recoverable		**17,191**	-
Pledged bank deposits		**2,358**	5,919
Bank balances and cash		**2,354,313**	1,313,959
		5,802,189	4,607,159
Current liabilities			
Trade and other payables	16	**1,616,701**	1,575,442
Amounts due to related companies		**22,645**	25,730
Taxation payable		**130,301**	115,351
Foreign currency forward contracts	15	**820**	-
Short-term bank loans	17	**904,701**	1,034,881
Other short-term borrowings		**3,723**	-
		2,678,891	2,751,404
Net current assets		**3,123,298**	1,855,755
Total assets less current liabilities		**7,998,131**	6,174,402
Non-current liabilities			
Government grants	18	**10,613**	9,400
Deferred tax liabilities	19	**41,596**	34,921
Loan payable to a non-controlling shareholder of a subsidiary	13	**14,133**	-
		66,342	44,321
Net assets		**7,931,789**	6,130,081
Capital and reserves			
Share capital		**99,718**	99,718
Reserves		**7,776,399**	5,978,524
Equity attributable to owners of the Company		**7,876,117**	6,078,242
Non-controlling interests		**55,672**	51,839
Total equity		**7,931,789**	6,130,081

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2013

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 of Hong Kong Limited (the “Stock Exchange”).

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

In the current year, the Group has applied all new IFRSs which are effective for the Group’s accounting period beginning on 1st January, 2013.

Except as described below, the application of the new IFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

The Directors of the Company has concluded that the application of this standard will not have significant impacts on the consolidated financial statements except for more extensive disclosure about its interests in other entities.

Amendments to IAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to IAS 1 “Presentation of items of other comprehensive income”. Upon the adoption of the amendments to IAS 1, the Group’s “statement of comprehensive income” is renamed as the “statement of profit or loss and other comprehensive income”. Furthermore, 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 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. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - CONTINUED

New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRSs	Annual improvements to IFRSs 2010-2012 cycle[4]
Amendments to IFRSs	Annual improvements to IFRSs 2011-2013 cycle[2]
IFRS 9	Financial instruments[3]
Amendments to IFRS 9 and IFRS 7	Mandatory effective date of IFRS 9 and transition disclosures[3]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities[1]
IFRS 14	Regulatory deferral accounts[5]
Amendments to IAS 19	Defined benefit plans: Employee contributions[1]
Amendments to IAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting[1]
IFRIC - INT 21	Levies[1]

[1] Effective for annual periods beginning on or after 1st January, 2014, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1st July, 2014.
[3] Available for application - the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.
[4] Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions.
[5] Effective for annual periods beginning on or after 1st January, 2016.

The Directors anticipate that the adoption of IFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. Apart from IFRS 9, the Directors do not anticipate that the application of the above new and revised IFRSs issued but not yet effective will have a significant impact on the Group's consolidated financial statements.

IFRS 9 Financial instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - CONTINUED

IFRS 9 Financial instruments - continued

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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 segment and to assess its 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 under IFRS 8 are dynamic components (mainly including speaker boxes, receivers and polyphonic speakers), microphones, headsets and other products (mainly including vibrators), which represent the major types of products manufactured and sold by the Group.

Information regarding these segments is presented below.

3. SEGMENT INFORMATION - CONTINUED

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

	2013	2012
	RMB'000	*RMB'000*
Operating and reportable segments		
Segment revenue from external customers		
Dynamic components	**6,766,236**	5,052,272
Microphones	**815,906**	607,583
Headsets	**67,127**	69,882
Other products	**446,620**	553,209
Revenue	**8,095,889**	6,282,946
Segment results		
Dynamic components	**3,094,585**	2,409,144
Microphones	**264,096**	221,974
Headsets	**19,338**	10,964
Other products	**80,717**	132,123
Total profit for operating and reportable segments	**3,458,736**	2,774,205
Unallocated amounts:		
Interest income	**17,402**	15,743
Other income	**72,611**	55,396
Net fair value (loss) gain on foreign currency forward contracts	**(444)**	1,206
Distribution and selling expenses	**(181,943)**	(186,273)
Administrative expenses	**(348,534)**	(277,468)
Research and development costs	**(552,637)**	(461,568)
Share of results of associates	**12,286**	25,800
Net gain on deemed disposal of partial interest in an associate	**82,869**	35,407
Gain on deemed disposal of an associate	**240,151**	-
Exchange gain	**45,508**	45,103
Finance costs	**(11,466)**	(12,033)
Profit before taxation	**2,834,539**	2,015,518

There are no inter-segment sales for both years. No analysis of the Group's assets and liabilities and other information by operating and reportable segments is disclosed as such information is not regularly provided to the CEO for review.

3. SEGMENT INFORMATION - CONTINUED

Depreciation and amortisation included in measure of segment results are as follows:

	2013	2012
	RMB'000	*RMB'000*
Dynamic components	**279,864**	218,979
Microphones	**25,623**	16,424
Headsets	**526**	1,958
Other products	**16,116**	19,750
	322,129	257,111
Other unallocated expenses	**130,031**	85,900
	452,160	343,011

Segment profit represents the profit earned by each segment without allocation of finance costs, interest income, administration expenses, research and development costs, distribution and selling expenses, other income, net fair value gain (loss) on foreign currency forward contracts, exchange gain, share of results of associates, net gain on deemed disposal of partial interest in an associate and gain on deemed disposal of an associate. This is the measure reported to the CEO for the purpose of resource allocation and performance assessment.

Over 90% of the Group's non-current assets other than financial instruments were located in the People's Republic of China (the "PRC"), the place of domicile of the relevant group entities that hold those assets.

The Group's revenue from external customers analysed by location of customers are detailed below:

	2013	2012
	RMB'000	*RMB'000*
Greater China* (country of domicile)	**1,364,613**	902,690
Other foreign countries:		
Other Asian countries	**1,264,788**	496,812
America	**4,724,170**	3,996,667
Europe	**742,318**	886,777
	8,095,889	6,282,946

* Greater China comprises the PRC, Hong Kong and Taiwan. Majority of the revenue from Greater China were derived from the PRC.

The geographical information of the Group's revenue from external customer by individual countries in Europe and America is not available. In the opinion of management, such disclosure is harmful to the Group's business.

During the year, the aggregate amount of revenue derived from the Group's top customers which individually has contributed to over 10% of the Group's revenue and included in all of the Group's segments, amounted to RMB4,667,621,000 (2012: RMB4,036,919,000). No disclosure of the total amount of revenue by each customer and number of customers are disclosed, as in the opinion of the Directors such disclosure is harmful to the Group's business.

4. NET GAIN ON DEEMED DISPOSAL OF PARTIAL INTEREST IN AN ASSOCIATE

During the year, certain employees of an associate of the Company 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 and resulted in a loss on dilution in the interest in associate of RMB2,746,000 (the "Diluted Loss"). In August 2013, the associate issued new shares to other shareholders, resulting in a dilution of the Group's equity interest in the associate from 19.1% to 15.5%. In spite of the dilution, because of the premium of the new shares issued, the Group's share of net assets in the associate increased and resulted in a gain on dilution in the interest in associate of RMB85,615,000 (the "Diluted Gain").

The net effect of the Diluted Loss and Diluted Gain of RMB82,869,000 was recognised in profit or loss as net gain on deemed disposal of partial interest in an associate. Also, during the year, all of the Group's appointed Directors have resigned from the board of the associate and the Group's right to nominate representatives to the board has been waived. As a result, the Directors have determined that the Group's significant influence over the associate was lost. See note 11 for details.

During the year end 31st December, 2012, an associate of the Company issued new shares to other shareholders in April 2012 and December 2012, resulting in dilutions of the Group's equity interest in the associate from 26.7% to 20.5% and 20.5% to 20.0%, respectively. 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 and resulted in gain on dilutions in the interest in associate of RMB35,407,000. The increases in share of net assets of the associate were recognised in profit and loss.

5. FINANCE COSTS

	2013 ***RMB'000***	2012 *RMB'000*
Interest on bank borrowings wholly repayable within five years	**11,466**	12,033

6. PROFIT BEFORE TAXATION

	2013	2012
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging:		
Directors' emoluments	**13,496**	10,208
Other staff's retirement benefits scheme contributions	**196,874**	118,283
Other staff costs	**1,526,297**	1,345,528
Total staff costs	**1,736,667**	1,474,019
Less: Staff costs included in research and development costs	**(284,083)**	(228,908)
	1,452,584	1,245,111
Depreciation	**437,117**	326,176
Less: Depreciation included in research and development costs	**(59,081)**	(40,183)
	378,036	285,993
Amortisation of intangible assets	**15,043**	16,835
Net allowance for bad and doubtful debts	**334**	8,793
Allowance for obsolete inventories, included in cost of goods sold	**36,785**	33,412
Auditor's remuneration	**2,416**	2,346
Cost of inventories recognised as expense	**4,600,368**	3,475,329
Cost of raw materials included in research and development costs	**76,587**	84,650
Impairment losses recognised in respect of property, plant and equipment (note 10)	**63,567**	32,391
Write-off of intangible assets	**-**	12,856
Loss on disposal of property, plant and equipment	**10,600**	1,130
Impairment loss recognised in respect of interest in an associate (note 12)	**13,014**	-
Operating lease rentals in respect of		
- building premises	**40,381**	22,333
- prepaid lease payments	**2,402**	2,382
and after crediting:		
Amortisation of government grants (note 18)	**1,147**	1,100
Government grants included in other income *	**37,114**	20,108
Interest income	**17,402**	15,743
Rental income	**1,432**	1,386

* The amount mainly represents the incentives granted by the PRC local authorities to the Group for engaging in High Technology business, employment of expatriates and technologically advanced staff. All the grants were approved and received during the year of recognition.

7. TAXATION

	2013	2012
	RMB'000	*RMB'000*
The current tax charge (credit) comprises:		
Hong Kong Profits Tax	**-**	5,281
PRC Enterprise Income Tax	**164,091**	139,292
Other jurisdictions	**74,434**	60,448
Overprovision of taxation in prior years	**(9,381)**	(2,908)
	229,144	202,113
PRC withholding tax	**11,478**	37,649
Deferred tax (see note 19)	**22,459**	19,183
	263,081	258,945

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the law of PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

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 1st 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 1st August, 2014 to 4th August, 2016. 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.

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

7. TAXATION - CONTINUED

The charge for the year is reconciled to the profit before taxation as follows:

	2013	2012
	RMB'000	*RMB'000*
Profit before taxation	**2,834,539**	2,015,518
Tax at the applicable income tax rate*	**708,635**	503,880
Tax effect of income not taxable for tax purpose	**(89,355)**	(29,600)
Tax effect of expenses not deductible for tax purpose	**32,825**	42,405
Tax effect of tax holiday	**(303,608)**	(206,335)
Tax effect of tax losses not recognised	**31,914**	11,239
Utilisation of tax losses previously not recognised	**(5,646)**	(3,558)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(133,989)**	(111,478)
Overprovision in prior years	**(9,381)**	(2,908)
PRC withholding tax on undistributed earnings	**23,522**	20,000
PRC withholding tax	**11,478**	37,649
Others	**(3,314)**	(2,349)
Tax charge for the year	**263,081**	258,945

* The PRC EIT rate of 25% (2012: 25%) is the domestic tax rate in the jurisdiction where the operations of the Group are substantially based.

8. DIVIDENDS

	2013	2012
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2012 final dividend of HK$0.508 (2011: HK$0.216) per ordinary share	**496,938**	216,228
2013 interim dividend of HK$0.25 (2012: HK$0.20) per ordinary share	**243,420**	200,928
	740,358	417,156

Subsequent to the end of the reporting period, 2013 proposed final dividend of HK$0.83 (2012: HK$0.508) per share, approximate to RMB801,326,000 (2012: RMB496,938,000), has been proposed by the Board of Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 31st December, 2013 is based on the profit for the year attributable to owners of the Company of RMB2,577,583,000 (2012: RMB1,762,625,000) and on the number of ordinary shares of 1,228,000,000 shares in issue during the year (2012: 1,228,000,000 shares).

No diluted earnings per share is presented as there were no potential ordinary shares outstanding during both years.

10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the year, the Group made additions to property, plant and equipment of approximately RMB865 million (2012: RMB1,293 million) on acquisition of property, plant and equipment, including transfers from deposits of approximately RMB159 million (2012: RMB123 million). The Group had impaired certain property, plant and equipment of RMB63,567,000 (2012: RMB32,391,000) due to termination of production on certain products that were not part of the Group's core business and due to replacement of some other machineries by more advanced models as part of the Group's automation plan.

11. AVAILABLE-FOR-SALE INVESTMENTS

	2013	2012
	RMB'000	*RMB'000*
Unlisted shares, at cost (note a)	**3,254**	3,254
Unlisted shares, at fair value (note b)	**361,277**	-
	364,531	3,254

Notes:

(a) The investment is 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) During the year, all of the Group's appointed Directors have resigned from the board of an associate and the Group's right to nominate representatives to the board has been waived. As a result, the Directors have determined that the Group's significant influence over the associate was lost. Consequently, the associate was ceased to be recognised as an associate and was recognised as available-for-sale investment at fair value. The fair value of the available-for-sale investment at initial recognition was arrived at with reference to a transaction of the associate's shares with other participants. The difference of RMB240,151,000 between the carrying value and the fair value of the interest in the associate was recognised as gain on deemed disposal of an associate in profit or loss during the year.

In November 2013, the Group disposed partial of interests in the investment to certain independent third parties for a consideration of RMB185,022,000 which is approximated to the carrying value of the interests disposed. Hence, no gain or loss on disposal was recognised.

The Group's remaining equity interests in the former associate that is classified as an available-for-sale investment as at 31st December, 2013. The former associate is incorporated in Singapore and is engaged in Micro-optics business. The fair value of the investment at the end of the reporting period was arrived at with reference to a recent transaction between the Group and certain independent third parties. In the opinion of the Directors of the Company, fair value hierarchy of the available-for-sale investment is at level 2.

12. INTERESTS IN ASSOCIATES

	2013 *RMB'000*	2012 *RMB'000*
Cost of investments in associates, unlisted	**5,000**	200,226
Share of post-acquisition (loss) profit and other comprehensive (expense) income	**(232)**	41,623
	4,768	241,849

Details of the Group's principal associates are as follows:

Name of associate	**Place of incorporation**	**Percentage equity interest 2013 %**	**2012 %**	**Principal activity**
Xenon Technology (Cayman) Limited	Cayman Islands	**39.2%**	39.2%	Design and manufacture of Xenon-based flash lamp and flash modules
Heptagon Advance Micro-Optics Pte. Ltd.*	Singapore	**-**	20.0%	Micro-optics business
Mems Technology Pte. Ltd. ("MemsTech")**	Singapore	**-**	50.0%	Design and manufacture of MEMS products

* During the year, all of the Group's appointed Directors have resigned from the board of the associate and the Group's right to nominate representatives to the board has been waived. As a result, the Directors have determined that the Group's significant influence over the associate is lost. Consequently, the associate was ceased to be recognised as interest in an associate and was recognised as an available-for-sale investment at fair value.

** MemsTech became a subsidiary of the Group during the year, see note 20.

During the year, the management assessed its associate for impairment with reference to its recoverable amount. The recoverable amount was determined based on the value in use calculations using the cashflow projections based on financial budget for the next 3 to 5 years approved by management. Cash flows beyond the budgeted period have extrapolated using a rate of 0-3%. Discount rate of 12.7% was used, which was determined based on the weighted average cost of capital of the investees. Based on the estimated recoverable amount, an impairment loss of RMB13,014,000 was recognised and charged to profit or loss during the year.

The associate uses accounting policies that differ from those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's accounting policies to those of the Group.

12. INTERESTS IN ASSOCIATES - CONTINUED

Summarised financial information in respect of the assets and liabilities and post-acquisition results of the Group's associates are set out below:

	2013	2012
	RMB'000	*RMB'000*
Total assets	**9,540**	1,301,521
Total liabilities	**(5)**	(429,685)
	9,535	871,836
Revenue	**-**	1,287,977
Profit for the year	**138**	215,108
Group's share of profit of associates for the year	**12,286**	25,800

Summarised financial information of material associates

Summiarsed financial information in respect of one of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

The associate was accounted for using equity method in the consolidated financial statements for the year ended 31st December, 2012.

	2012
	RMB'000
Current assets	752,456
Non-current assets	388,337
Current liabilities	244,612
Non-current liabilities	122,718

	2012
	RMB'000
Revenue	1,163,320
Profit from continuing operations	256,641
Profit for the year	261,746
Other comprehensive expense for the year	3,559
Total comprehensive income for the year	258,187

12. INTERESTS IN ASSOCIATES - CONTINUED

Summarised financial information of material associates - continued

	2012 *RMB'000*
Net assets of an associate	773,463
Proportion of the Group's ownership interest in an associate	20.0%
Goodwill	24,380
Carrying amount of the Group's interest in an associate	178,841

13. LOAN FROM/TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY /FORMER ASSOCIATE

Loan receivable from a non-controlling shareholder of a subsidiary bears interest rate at Singapore Interbank Offered Rate plus 1.0% per annum and are with no fixed repayment terms.

Loan payable to a non-controlling shareholder of a subsidiary bears interest rate at Singapore Interbank Offered Rate plus 1.0% per annum and are with no fixed repayment terms.

Under a loan agreement entered between the Group, a subsidiary of the Group and the non-controlling shareholder, the loan receivable from a non-controlling shareholder of a subsidiary and loan payable to a non-controlling shareholder of a subsidiary are not enforceable to be settled on net basis.

At 31st December, 2012, the loan receivable from a former associate was interest bearing, secured by all issued shares of the former associate and has no fixed maturity date. The former associate became a subsidiary during the year, see note 20, and consequently portion of the loan receivable was assigned to a non-controlling shareholder of the subsidiary.

14. TRADE AND OTHER RECEIVABLES

	2013 ***RMB'000***	2012 *RMB'000*
Trade receivables	**2,229,304**	1,854,053
Bank acceptance and commercial bills	**72,322**	53,734
	2,301,626	1,907,787
Advance payment to suppliers	**39,244**	163,365
Prepayments	**97,371**	92,885
Other receivables	**142,298**	165,185
	2,580,539	2,329,222

The following is an analysis of trade receivables and bank acceptance and commercial bills by age, presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates. The analysis below is net of allowance for doubtful debts.

	2013 ***RMB'000***	2012 *RMB'000*
Age		
0 - 90 days	**2,049,383**	1,509,361
91 - 180 days	**246,967**	386,431
Over 180 days	**5,276**	11,995
	2,301,626	1,907,787

14. TRADE AND OTHER RECEIVABLES - CONTINUED

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 days to 120 days of issuance. The Group accepts bank acceptance and commercial bills with maturities ranging from 30 to 180 days at the end of the credit terms in lieu of immediate cash payment. The following is an aged analysis of trade receivables and bank acceptance and commercial bills which are past due but not impaired:

	2013	2012
	RMB'000	*RMB'000*
Age		
Overdue 0 - 90 days	**528,519**	516,036
Overdue 91 - 180 days	**4,634**	4,983
Overdue over 180 days	**2,382**	708
	535,535	521,727

Management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality. Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of RMB535,535,000 (2012: RMB521,727,000) which are past due at the reporting date for which the Group has not provided for impairment loss. Based on historical experience the Group considers the amounts which are past due and which impairment loss has not been provided for to be of good credit quality and they are expected to be recoverable. The Group does not hold any collateral over these balances.

The following is a movement in the allowance for bad and doubtful debts account:

	2013	2012
	RMB'000	*RMB'000*
Balance at beginning of the year	**14,527**	5,757
Currency realignment	**(284)**	(23)
Allowance for bad and doubtful debts	**3,980**	10,998
Reversal of allowance for bad and doubtful debts	**(3,646)**	(2,205)
Balance at end of the year	**14,577**	14,527

Allowances are recognised based on the Group's historical experience, aging analysis and internal assessment of the recoverability of the debt.

The Group's trade receivables which are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2013	2012
	RMB'000	*RMB'000*
US$	**244,092**	171,538
Euro	**52,202**	76,529
HK$	**911**	27

15. FOREIGN CURRENCY FORWARD CONTRACTS

	Assets		Liabilities	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Foreign currency forward contracts	**-**	544	**820**	-

Details of the foreign currency forward contracts entered into by the Group with certain banks outstanding as at the end of the reporting period (the "Forward Contracts") are as follows:

At 31st December, 2013:

Description	**Settlement date**	**Exchange rate**
3 contracts to sell in aggregate US$3 million for JPY	Settled monthly on various dates from 29th January, 2014 until 27th March, 2014	At exchange rate JPY100.30 for US$

At 31st December, 2012:

Description	**Settlement date**	**Exchange rates**
4 contracts to sell in aggregate US$4 million for RMB	Settled monthly on various dates from 28th January, 2013 until 29th April, 2013	At exchange rates ranging from RMB6.3725 to RMB6.3885 for US$
1 contract to purchase in aggregate US$1 million for RMB	Settled on 14th November, 2013	At exchange rate RMB6.336 for US$
1 contract to sell in aggregate US$1 million for RMB	Settled on 14th November, 2013	At exchange rate RMB6.382 for US$

At any time prior to maturity of certain of Forward Contracts, if the spot rate between the US$ and JPY falls below an agreed rate, the Forward Contracts will be automatically terminated. The Forward Contracts are not designated and effective as a hedging instrument. Therefore, the fair value gains or losses are recognised in profit or loss in the period in which they arise. At 31st December, 2013, the fair value of the Forward Contracts are determined by the respective issuing banks with reference to forward rates.

16. TRADE AND OTHER PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade payables	**874,198**	808,623
Notes payables - secured	**300,770**	319,367
	1,174,968	1,127,990
Payroll and welfare payables	**273,298**	247,457
Payables for acquisition of property, plant and equipment	**51,707**	56,260
Other payables and accruals	**109,629**	134,759
Contingent consideration payable	**7,099**	8,976
	1,616,701	1,575,442

16. TRADE AND OTHER PAYABLES - CONTINUED

Other payables are unsecured, interest-free and have no fixed repayment terms.

An aged analysis of trade and notes payables, presented based on the invoice date, is as follows:

	2013	2012
	RMB'000	*RMB'000*
Age		
0 - 90 days	**1,044,579**	1,028,106
91 - 180 days	**129,221**	98,457
Over 180 days	**1,168**	1,427
	1,174,968	1,127,990

The Group's trade payables which are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2013	2012
	RMB'000	*RMB'000*
US$	**83,129**	62,390
Japanese Yen	**8,619**	7,113
Euro	**2,198**	97

17. SHORT-TERM BANK LOANS

The Group's short-term bank loans denominated in currencies other than the functional currencies of the respective entities are set out below:

	2013	2012
	RMB'000	*RMB'000*
US$	**354,233**	125,710
Japanese Yen	**181,152**	521,258

The Group's short-term bank loans denominated in functional currency of respective entity is set out below:

	2013	2012
	RMB'000	*RMB'000*
US$	**369,316**	387,913

The Group's short-term bank loans, carry interest ranging from 0.76% to 2.37% per annum (as at 31st December, 2012: carry interest ranging from 0.59% to 1.8% per annum). The Company issued guarantees to the banks to secure these borrowings.

18. GOVERNMENT GRANTS

During the year, the Group received government grants of RMB2,360,000 (2012: RMB10,500,000) in aggregate from various PRC government authorities as an incentive for constructing electronic plants and acquiring machineries. The amount received is to be amortised and released to profit or loss over the useful lives of the relevant assets. During the year, RMB1,147,000 (2012: RMB1,100,000) of the grants have been released to profit or loss.

19. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Group and the movements thereon during the current and prior year.

	Intangible assets *RMB'000*	**PRC withholding tax on undistributed earnings** *RMB'000*	**Total** *RMB'000*
At 1st January, 2012	15,738	-	15,738
(Credited) charged to profit or loss	(817)	20,000	19,183
At 31st December, 2012	14,921	20,000	34,921
Acquisition through business combinations	4,216	-	4,216
(Credited) charged to profit or loss	(1,063)	23,522	22,459
Payment made for the year	-	(20,000)	(20,000)
At 31st December, 2013	18,074	23,522	41,596

At 31st December, 2013, the Group has unrecognised deferred tax liability in relation to PRC withholding tax on undistributed earnings, as it is the intention of the Directors to retain the earnings within these subsidiaries.

At the end of the reporting period, certain subsidiaries of the Group has unused tax losses of RMB154,268,000 (2012: RMB49,196,000) available for offset against future profits. These losses may be carried forward for five years from the year when the losses are incurred. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

The deferred tax liability recognised in respect of the intangible assets was related to the acquisition of MemsTech during the year as a result of the fair value adjustment of RMB4,216,000 on patents and technical knowhow in relation to Micro Electro-Mechanical System ("MEMS") product design and manufacture.

20. ACQUISITION OF A BUSINESS

Step acquisition from associate to subsidiary

The Group held 50% equity interest in an associate, 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 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. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

The amount of the non-controlling interests is measured on the basis of its proportionate interests in the acquiree's identifiable net assets.

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 (40% of MemsTech)	(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.

20. ACQUISITION OF A BUSINESS - CONTINUED

Step acquisition from associate to subsidiary - continued

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 year ended 31st December, 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 year ended 31st December, 2013 would have been insignificant.

21. MAJOR NON-CASH TRANSACTIONS

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

Also, during the year, the Group discharged a loan of RMB5,598,000 due from MemsTech as consideration for acquisition in MemsTech, see note 20 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. 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. The Company's products are found in mobile handsets, tablets, wearables, ultrabooks, notebooks 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 or form alliances with other global technology companies that will create synergy with the Company's existing technology capabilities.

MARKET REVIEW

Smart devices are one of the few growth industries in the uncertain global economy. According to an independent industry research, global smartphone shipments have doubled in two years and surpassed 1 billion units in 2013, demonstrating strong end-user demand and the fading share of traditional mobile phones as customers shift to smartphones. In 2013, smartphones accounted for 55% of all mobile phone shipments mainly driven by large-screen and lower-priced devices. Growth potential has shifted from premium models in developed markets to mid-range models in emerging markets. Chinese smartphone brands are set to build on their strong domestic market share to increase their global presence.

While individual smart device companies' market share continues to be reshuffled, consumers' emphasis on better multimedia user-experience persists. We believe this industry trend favors AAC Technologies and makes it an even stronger supplier. By leveraging on our technology advantages, advanced R&D capability and our long-term business relationships with a broad customer base, we have an extensive product portfolio with both customized and standard products to meet different customers' technical design challenges. On this front, AAC Technologies is a leader in offering to customers cross functional technological value-adding designs, such as incorporating wireless solution in our acoustic components. Our highly vertically integrated manufacturing and automated production allow us to produce products more efficiently and quickly. Hence, we were able to deliver a record financial performance in the year of 2013.

FINANCIAL REVIEW

The growing demand for mobile devices is a key factor in driving ongoing revenue growth. The acoustic segment continues to grow in 2013. We generated RMB2,547.6 million in net cash flow from operations. For the year ended 31st December, 2013, the Group's total revenue reached RMB8,095.9 million, representing an increase of RMB1,813.0 million, or 28.9%, compared with 2012. Gross profit of RMB3,458.7 million was RMB684.5 million, or 24.7%, higher than 2012. Profit attributable to owners of the Company amounted to RMB2,577.6 million, a 46.2% increase from RMB1,762.6 million reported last year. During the year, improvement in production efficiency brought about by the ongoing automation programme has largely mitigated the impact of higher labour cost and customers' price adjustments, thus the Group delivered a gross profit margin of 42.7%. Net profit margin, excluding the contribution from deemed disposal of partial interest in an associate, net fair value gain on available-for-sale investment and deferred tax provision, supported by implementation of cost control measures and benefits of higher operating leverage, improved to 28.3%. Basic earnings per share amounted to RMB2.10, up 45.8% from RMB1.44 for 2012.

The turnover days of trade receivables was 95, 4 days or 4.4% more compared with 2012. Aging of trade receivables which is net of allowance for doubtful debts based on invoice dates between 0-90 days, 91-180 days and over 180 days were 2,049.4 million, 247.0 million and 5.2 million respectively, compared with 1,509.4 million, 386.4 million and 12.0 million in 2012. Total subsequent settlement received up till 28th February, 2014 amounts to RMB1,500.1 million representing 65.2% of the total amounts outstanding, net of allowances, as at the end of the reporting period.

As for tax, under the EIT Law and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. In addition, certain PRC subsidiaries were officially endorsed as HNTE till the dates ranging from 1st August, 2014 to 4th August, 2016. Pursuant to the EIT Law, those PRC subsidiaries qualified as HNTE shall be entitled to a preferential tax rate of 15%. 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 various qualifying business activities. This incentive program will expire for the subsidiary in 2018.

GEARING RATIO AND INDEBTEDNESS

The gearing ratio of the Group, computed by dividing total loans and borrowings by total assets, was 8.6% as at 31st December, 2013 compared with 11.6% as at 31st December, 2012.

As at 31st December, 2013, the Group had RMB904.7 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 31st December, 2013, the Group had RMB2,354.3 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 deposits amounting to RMB2.4 million and RMB5.9 million that were pledged to banks respectively as at 31st December, 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 view of the positive progress made by MemsTech, the Company increased its equity interest in it to 60% by acquiring an additional 10% shareholding in May 2013.

EMPLOYEE INFORMATION

As at 31st December, 2013, the Group employed 23,011 permanent employees, a reduction from a total of 26,575 as at 31st December, 2012, brought about by the Company's ongoing automation programme. 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, bonuses, social insurance and mandatory pension fund contribution. 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

Industry analysts forecast that demand for smart devices will continue to grow in the years to come and we expect that smartphones, tablets and wearables will provide the driving force and remain our major business focus.

The Company is in the process of transforming itself into a comprehensive miniature components solution provider by extending the scope of our product offerings from acoustic to new miniature components solutions including wireless and optical technologies. Our investments in R&D in wireless and optics in the past few years are beginning to bear fruit, and starting to gain traction with customers in 2013. We are confident that these new areas will become a more meaningful revenue contributor over time.

PROSPECTS - CONTINUED

Technology leadership, production efficiencies and solid execution have led to our success and would be our keys for sustainable growth in the future. We aim to further increase our market share through innovative solutions, strong R&D, and manufacturing excellence with both automation and workflow optimization.

Looking forward, the Company is confident the growth momentum it has shown in the past several years will continue under the solid execution of its clear strategy. AAC Technologies is well positioned and will build on its success by continuing to focus on scaling its growth and controlling costs, thereby enhancing its competitiveness to ensure future sustainable profit growth.

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 also from time to time pay to shareholders such interim dividends to be justified by the profit of the Company and may recommend final dividends for approval by shareholders in annual general meetings.

For the year ended 31st December, 2013, an interim dividend of HK$0.25 per ordinary share for the six months ended 30th June, 2013 (2012: HK$0.20 per ordinary share) was paid to shareholders of the Company.

The Board resolved to recommend the payment of a final dividend of HK$0.83 (2012: HK$0.508) per ordinary share in respect of the year ended 31st December, 2013. This proposed final dividend together with the interim dividend already paid amount to total dividends of HK$1.08 (2012: HK$0.708) representing a growth of 52.5% at an unchanged payout ratio of about 40% of the profit attributable to owners of the Company for the year.

Subject to shareholders' approval at the forthcoming annual general meeting to be held on 23rd May, 2014, the said final dividend will be payable to shareholders of the Company, whose names appear on the register of members of the Company on 30th May, 2014 and payable on or about 10th June, 2014.

CLOSURES OF REGISTER OF MEMBERS

i. For attending and voting at the annual general meeting

The registers of members of the Company will be closed from 21st May, 2014 to 23rd May, 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible for attending and voting at the forthcoming annual general meeting, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar 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 20th May, 2014.

ii. For entitlement of proposed final dividend

The registers of members of the Company will be closed from 29th May, 2014 to 30th May, 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar 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 28th May, 2014.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st December, 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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.

Our Board is at the centre of our corporate governance structure regularly reviewing, refining and overseeing the implementation and enforcement of the Company's corporate governance.

Throughout the financial year ended 31st December, 2013, the Company met the Code Provisions as set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities of the Stock Exchange ("Corporate Governance 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 Audit Committee reviewed accounting principles and practices adopted by the Group in preparing the financial statements for the year ended 31st December, 2013. The Committee met four times during the year in advance of Board meetings that considered the quarterly, interim and final results announcements. The Audit Committee Chairman had an additional planning meeting with Executive Director and Internal Audit to discuss the three-year cycle audit plan. Two physical meetings with the external auditors were held during 2013 in connection with 2012 full year results and 2013 interim results announcements. Audit Committee meetings are by design held a few working days ahead of full Board meetings to ensure that Management will have enough time to investigate any important queries raised for further reporting at ensuing Board meetings. Audit Committee Chairman reports significant issues covered at Audit Committee meetings to the full Board. Based on the work of the Audit Committee and further deliberations at Board meetings, the Board acknowledged and discharged their responsibilities for the preparation of the Group's financial statements for the year ended 31st December, 2013.

During 2013, to give added emphasis to risk management, the Board commissioned a "Big 4" accounting firm (not the external auditors) to assist the Company in developing an Enterprise Risk Management framework and identifying and assessing key risks across the business functions. The Company seeks to adopt a risk-driven approach for evaluating internal controls which in turn guides the Internal Audit department's assurance work and resource planning in terms of priority and emphasis. Executive management owns the risk management and internal control processes and practices. The Audit Committee receives quarterly updates on risk management and internal audit reports from management and Internal Audit. External audit observations and recommendations are also discussed and followed up. The Audit Committee oversees three-year cycle audit plans and cumulative progress reports on implementation of corrective and preventative measures arising from internal and external audit findings. Through this process, the Board had an ongoing review and assessment of the Company's systems of internal controls over financial, operational, and compliance matters during 2013, and opined that they were adequate and effective for the 2013 financial year. The Board and management recognise that Enterprise Risk Management will need ongoing refinement and reinforcement in terms of risk-culture and risk management practices before it becomes effectively embedded in business decisions, whether strategic or operational, which is our ultimate objective.

CORPORATE GOVERNANCE - CONTINUED

A more comprehensive Corporate Governance report covering the following key components of the Company's governance framework will be incorporated in the Annual Report and also be made available on the Company's website www.aactechnologies.com:

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

DIRECTORS' SECURITIES TRANSACTIONS

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 as set out in Appendix 10 of the Listing Rules.

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 year ended 31st December, 2013.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2013 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu in this announcement.

APPRECIATION

I am grateful to all our staff and management for their efforts throughout the year. On behalf of the Company, I would also like to thank all our customers and suppliers and I shall look forward to their continuous support. Finally, as always, my sincere appreciation goes to our Board members for their contribution and invaluable guidance during the year.

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

Hong Kong, 25th March, 2014

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.