



**AAC Acoustic Technologies Holdings Inc.**

**瑞聲聲學科技控股有限公司\***

(incorporated in the Cayman Islands with limited liability)

Stock Code : 2018



Interim Report  
2009

\*For identification purpose only



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# CORPORATE INFORMATION

## DIRECTORS

### Executive Director

Mr. Benjamin Zhengmin Pan (Chief Executive Officer)

### Non-executive Directors

Ms. Ingrid Chunyuan Wu

Mr. Pei Kang

### Independent non-executive Directors

Mr. Koh Boon Hwee (Chairman)

Dr. Dick Mei Chang (Resigned on 11th September, 2009)

Mr. Mok Joe Kuen Richard

Dato' Tan Bian Ee (Appointed on 11th September, 2009)

## COMPANY SECRETARY

Mr. Cheung Yuk Chuen

## AUDIT COMMITTEE

Mr. Mok Joe Kuen Richard (Chairman)

Mr. Koh Boon Hwee

Ms. Ingrid Chunyuan Wu

## REMUNERATION COMMITTEE

Mr. Koh Boon Hwee (Chairman)

Dr. Dick Mei Chang (Resigned on 11th September, 2009)

Mr. Pei Kang

Dato' Tan Bian Ee (Appointed on 11th September, 2009)

## NOMINATION COMMITTEE

Dr. Dick Mei Chang (Chairman)

(Resigned on 11th September, 2009)

Dato' Tan Bian Ee (Chairman)

(Appointed on 11th September, 2009)

Mr. Mok Joe Kuen Richard

Mr. Pei Kang

## AUTHORIZED REPRESENTATIVES

Mr. Benjamin Zhengmin Pan

Mr. Cheung Yuk Chuen

## Alternative authorized representative

Mr. Mok Joe Kuen Richard

## CONTINUING FINANCIAL ADVISOR

Piper Jaffray Asia Limited

39th Floor, Tower 1

Lippo Centre

89 Queensway

Hong Kong

## AUDITORS

Deloitte Touche Tohmatsu

Certified Public Accountants

35th Floor, One Pacific Place

88 Queensway

Hong Kong

## REGISTERED OFFICE

Cricket Square, Hutchins Drive, P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## PLACE OF BUSINESS IN HONG KONG

Unit 2003, 20/F.

100 Queen's Road Central

Central, Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited

P.O. Box 513

Strathvale House North Church Street

George Town

Grand Cayman KY1-1106

Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

## PRINCIPAL BANKERS

Industrial and Commercial Bank of China

Shenzhen Nantou Sub-branch

Bank of China

Wujin Sub-branch

The Hongkong and Shanghai Banking Corporation Ltd,

Hung Hom Branch

## STOCK CODE

2018

## WEBSITE

[www.aacacoustic.com](http://www.aacacoustic.com)

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2009

The board of directors (the "Board") of AAC Acoustic Technologies Holdings Inc. (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30th June, 2009 together with the unaudited comparative figures for the corresponding period in 2008. These interim financial statements have not been audited, but have been reviewed by the auditors, Deloitte Touche Tohmatsu, and the Company's audit committee (the "Audit Committee").

	NOTES	1.1.2009 to 30.6.2009 (Unaudited) RMB'000	1.1.2008 to 30.6.2008 (Unaudited) RMB'000
Revenue	3	826,066	1,164,739
Cost of goods sold		(479,556)	(666,003)
Gross profit		346,510	498,736
Other income		12,760	25,959
Fair value gain on foreign exchange linked notes		48	1,335
Net fair value gain on foreign currency forward contracts		6,262	–
Gain on disposal of a subsidiary	14	1,369	–
Distribution and selling expenses		(32,823)	(52,509)
Administrative expenses		(47,181)	(66,795)
Research and development costs		(71,087)	(50,167)
Finance costs		(2,831)	(5,983)
Profit before taxation	4	213,027	350,576
Taxation	5	(22,768)	(16,579)
Profit for the period		190,259	333,997
Attributable to:			
Owners of the Company		193,825	333,368
Minority interests		(3,566)	629
		190,259	333,997
Profit for the period		190,259	333,997
Other comprehensive income and expense:			
Exchange differences arising from translation		(383)	(15,369)
Reserves released on disposal of a subsidiary		2,971	–
Other comprehensive income and expense		2,588	(15,369)
Total comprehensive income and expense for the period		192,847	318,628
Total comprehensive income and expense attributable to:			
Owners of the Company		196,392	318,372
Minority interests		(3,545)	256
		192,847	318,628
Earnings per share – Basic	7	RMB15.78 cents	RMB27.07 cents
Proposed interim dividend of HK7.2 cents (2008: Nil) per ordinary share		HK88,416	–

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# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2009

	NOTES	30.6.2009 (Unaudited) RMB'000	31.12.2008 (Audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	1,310,692	1,289,356
Goodwill		5,405	5,405
Prepaid lease payments		67,860	70,024
Deposits made on acquisition of property, plant and equipment		39,990	56,049
Available-for-sale investments		27,676	–
Intangible assets		28,480	29,126
		<b>1,480,103</b>	<b>1,449,960</b>
<b>Current assets</b>			
Inventories		274,297	295,762
Trade and other receivables	9	587,929	563,130
Amounts due from related companies		19,363	19,152
Amount due from a minority shareholder of a subsidiary		–	10,537
Foreign exchange linked notes		80,971	80,923
Foreign currency forward contracts	10	1,646	–
Taxation recoverable		1,896	2,118
Restricted bank deposits		29,955	16,624
Bank balances, deposits and cash		1,346,258	1,266,011
		<b>2,342,315</b>	<b>2,254,257</b>
<b>Current liabilities</b>			
Trade and other payables	11	404,340	365,766
Amounts due to related companies		9,277	9,777
Taxation payable		25,063	13,176
Foreign currency forward contracts	10	4,393	–
Short-term bank loans	12	191,313	200,295
		<b>634,386</b>	<b>589,014</b>
Net current assets		<b>1,707,929</b>	<b>1,665,243</b>
Net assets		<b>3,188,032</b>	<b>3,115,203</b>
<b>Capital and reserves</b>			
Share capital	13	99,718	99,718
Reserves		3,086,451	3,008,050
Equity attributable to owners of the Company		<b>3,186,169</b>	<b>3,107,768</b>
Minority interests		1,863	7,435
Total equity		<b>3,188,032</b>	<b>3,115,203</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2009

	Attributable to owners of the Company										
	Share capital	Share premium	Special reserve	Capital reserve	Translation reserve	Non-distributable reserve	PRC statutory reserves	Retained profits	Total	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1st January, 2008 (audited)	100,530	811,716	(7,469)	-	(8,296)	87,245	104,212	1,489,398	2,577,336	10,639	2,587,975
Exchange differences arising from translation	-	-	-	-	(14,996)	-	-	-	(14,996)	(373)	(15,369)
Profit for the period	-	-	-	-	-	-	-	333,368	333,368	629	333,997
Total comprehensive (expense) income for the period	-	-	-	-	(14,996)	-	-	333,368	318,372	256	318,628
Shares repurchased and cancelled	(812)	(64,759)	-	-	-	-	-	-	(65,571)	-	(65,571)
Deemed capital contribution from a shareholder arising from acquisition of a subsidiary	-	-	-	23,391	-	-	-	-	23,391	-	23,391
Transfers	-	-	-	-	-	-	11,795	(11,795)	-	-	-
At 30th June, 2008 (unaudited)	99,718	746,957	(7,469)	23,391	(23,292)	87,245	116,007	1,810,971	2,853,528	10,895	2,864,423
At 1st January, 2009 (audited)	99,718	746,957	(7,469)	23,391	(26,118)	87,245	151,040	2,033,004	3,107,768	7,435	3,115,203
Exchange differences arising from translation	-	-	-	-	(404)	-	-	-	(404)	21	(383)
Reserves released on disposal of a subsidiary (note 14)	-	-	-	-	2,971	-	-	-	2,971	-	2,971
Profit for the period	-	-	-	-	-	-	-	193,825	193,825	(3,566)	190,259
Total comprehensive (expense) income for the period	-	-	-	-	2,567	-	-	193,825	196,392	(3,545)	192,847
Dividends paid	-	-	-	-	-	-	-	(117,991)	(117,991)	-	(117,991)
Disposal of a subsidiary (note 14)	-	-	-	-	-	-	-	-	-	(3,027)	(3,027)
Contribution from minority interests	-	-	-	-	-	-	-	-	-	1,000	1,000
Transfers	-	-	-	-	-	-	500	(500)	-	-	-
At 30th June, 2009 (unaudited)	99,718	746,957	(7,469)	23,391	(23,551)	87,245	151,540	2,108,338	3,186,169	1,863	3,188,032



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2009

As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), the PRC subsidiaries of the Company are required to maintain a statutory surplus reserve fund and an enterprise expansion fund which are non-distributable. Appropriations to such reserves are made out of net profit after taxation of the statutory financial statements of the PRC subsidiaries of the Company and the allocation basis are decided by their board of directors annually. The statutory surplus reserve fund can be used to make up the PRC subsidiaries prior year losses, if any, and can be applied in conversion into capital by means of a capitalisation issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries of the Company by means of capitalisation issue.

The special reserve of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate amount of the paid-in capital of subsidiaries acquired pursuant to the Group's reorganisation in preparation for the listing of the Company's shares.

The non-distributable reserve of the Group arose as a result of capitalisation of retained profits by subsidiaries of the Company.

The capital reserve represents the discount on acquisition of a subsidiary deemed as a capital contribution from a shareholder.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2009

	NOTE	1.1.2009 to 30.6.2009 (Unaudited) RMB'000	1.1.2008 to 30.6.2008 (Unaudited) RMB'000
Net cash from operating activities		<b>326,294</b>	380,773
Net cash used in investing activities			
Prepaid lease payments made		–	(7,745)
Deposits paid on acquisition of property, plant and equipment		<b>(39,990)</b>	(63,951)
Acquisition of available-for-sale investments		<b>(27,676)</b>	–
Purchase of property, plant and equipment		<b>(44,022)</b>	(187,024)
Additions to intangible assets		<b>(2,650)</b>	(5,908)
Proceed from disposal of a subsidiary, net of cash and cash equivalents disposed of	14	<b>1,366</b>	–
Acquisition of a subsidiary, net of cash and cash equivalents disposed of		–	(97,558)
Other investing cash flows		<b>(2,381)</b>	15,418
		<b>(115,353)</b>	(346,768)
Net cash used in financing activities			
Repurchased of shares		–	(65,571)
Short-term loans raised		<b>20,498</b>	256,249
Repayment of short-term loans		<b>(29,753)</b>	(197,961)
Dividend paid		<b>(117,991)</b>	–
Capital contribution from minority interests of a subsidiary		<b>1,000</b>	–
Other financing cash flows		<b>(3,331)</b>	(4,524)
		<b>(129,577)</b>	(11,807)
Net increase in cash and cash equivalents		<b>81,364</b>	22,198
Cash and cash equivalents at 1st January		<b>1,266,011</b>	1,024,538
Effect of foreign exchange rate changes		<b>(1,117)</b>	197
Cash and cash equivalents at 30th June, represented by bank balances, deposits and cash		<b>1,346,258</b>	1,046,933

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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

## 2. PRINCIPAL ACCOUNTING POLICIES

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

A number of new and revised standards, amendments and interpretations are effective for the financial year beginning on 1st January, 2009. Except as described below, the same accounting policies and presentation have been followed on those condensed consolidated financial statements as were applied in the preparation of the consolidated financial statements of the Group for the year ended 31st December, 2008. The adoption of these new standards has resulted in the following changes.

### Presentation of financial statements

In the current period, the Group has adopted International Accounting Standards ("IAS") 1 (Revised 2007) "Presentation of financial statements" which has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. The adoption of IAS 1 (Revised 2007), however, has no impact on the reported results or financial position of the Group.

### Segment information

In the current period, the Group has adopted International Financial Reporting Standard ("IFRS") 8 "Operating segments". IFRS 8 requires the presentation of operating segments in a manner consistent with the internal reports that are regularly reviewed by the Group's chief operating decision maker (see note 3 for details). IFRS 8 replaces IAS 14 "Segment reporting" which required an entity to identify two sets of segments (business and geographical). The adoption of IFRS 8 has resulted in a redesignation of the Group's reportable segments but has no impact on the reported results of financial position of the Group (see note 3 for details).

In the current period, the Group acquired a 16.7% equity interest in a private company incorporated in Finland, for a consideration of RMB27,676,000. The investment is accounted for as an available-for-sale equity investment and measured at cost less impairment, at 30th June, 2009, as fair value cannot be reliably measured. The accounting policy adopted is as follows:

### Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at financial assets at fair value through profit or loss or loans and receivables.

At each reporting date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### Available-for-sale financial assets (continued)

As the available-for-sale equity investment acquired by the Group during the year do not have a quoted market price in an active market and its fair value cannot be reliably measured, it is measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

At each reporting date available-for-sale financial assets are assessed for indicators of impairment. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Also, in the current period the Group acquired a number of foreign currency forward contracts ("Forward Contracts"), see note 10 for details. The Forward Contracts are accounted for as derivative financial instruments and the accounting policy adopted is as follows:

### Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instruments, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Amendments to IFRS 5 as part of improvements to IFRSs May 2008 <sup>1</sup>
IFRSs (Amendment)	Improvements to IFRSs 2009 <sup>2</sup>
IAS 27 (Revised)	Consolidated and separate financial statements <sup>1</sup>
IAS 39 (Amendment)	Eligible hedged items <sup>1</sup>
IFRS 1 (Amendment)	Additional exemption for first time adopters <sup>3</sup>
IFRS 2 (Amendment)	Group cash-settled share-based payment transactions <sup>3</sup>
IFRS 3 (Revised)	Business combinations <sup>1</sup>
IFRIC – INT 17	Distribution of non-cash assets to owners <sup>1</sup>
IFRIC – INT 18	Transfers of assets from customers <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st July, 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2010.

<sup>4</sup> Effective for transfers on or after 1st July, 2009.

The application of IFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st January, 2010. IAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

## 3. SEGMENT INFORMATION

The Group has adopted IFRS 8 “Operating segments” with effect from 1st January, 2009. IFRS 8 requires operating segments to be 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”).

The Group determines its operating segments based on the internal reports reviewed by the CEO that are used to make strategic decisions.

As a result of the adoption of IFRS 8, the identification of the Group’s reportable segments has changed. In prior years, segment information reported externally was analysed on the basis of location of customers, irrespective of the origin of the goods. However, information reported to the CEO for the purpose of resource allocation and assessment of performances focuses more specifically on the type of products sold. Therefore, on adoption of IFRS 8, management has identified the following reportable segments: dynamic components, microphones, headset and other products, which represents the major types of products manufactured and sold by the Group.

Information regarding these segments is presented below. The segment information reported for the prior period have been restated to conform with the requirements of IFRS 8.

Segments results represent the gross profit earned by each segment. This is the measure reported to the Group’s CEO for the purpose of resource allocation and assessment of segment performance.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

## 3. SEGMENT INFORMATION (CONTINUED)

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

	1.1.2009 to 30.6.2009 RMB'000 (Unaudited)	1.1.2008 to 30.6.2008 RMB'000 (Unaudited)
<b>Operating segments</b>		
<b>Segment revenues</b>		
Dynamic components	638,379	846,553
Microphones	52,706	65,335
Headsets	89,341	142,498
Other products	45,640	110,353
	<hr/>	<hr/>
Group revenue	826,066	1,164,739
	<hr/>	<hr/>
<b>Segment results</b>		
Dynamic components	309,108	409,160
Microphones	9,331	17,137
Headsets	21,092	33,187
Other products	6,979	39,252
	<hr/>	<hr/>
Total profit for operating segments	346,510	498,736
Unallocated amounts:		
Interest income	8,190	14,803
Finance costs	(2,831)	(5,983)
Other income	12,249	12,491
Other expenses	(151,091)	(169,471)
	<hr/>	<hr/>
Profit before taxation	213,027	350,576
	<hr/>	<hr/>

No analysis of the Group's assets by operating segments is disclosed as it is not regularly provided to the CEO for review.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

## 4. PROFIT BEFORE TAXATION

	1.1.2009 to 30.6.2009 RMB'000 (Unaudited)	1.1.2008 to 30.6.2008 RMB'000 (Unaudited)
Profit before taxation has been arrived at after charging:		
Allowance for doubtful debts	5,157	3,124
Amortisation of intangible assets (included in cost of goods sold)	3,321	2,946
Depreciation	77,831	57,938
Loss on disposal of property, plant and equipment	867	–
and after crediting:		
Gain on disposal of property, plant and equipment	–	79
	<u>                    </u>	<u>                    </u>

## 5. TAXATION

	1.1.2009 to 30.6.2009 RMB'000 (Unaudited)	1.1.2008 to 30.6.2008 RMB'000 (Unaudited)
The charge comprises:		
PRC Income Tax	19,416	16,573
Overseas taxation	3,352	6
	<u>                    </u>	<u>                    </u>
	<u>22,768</u>	<u>16,579</u>

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries are entitled to exemption from PRC 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.

No deferred tax liability has been recognised in respect of temporary differences associated with undistributed earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

## 6. DIVIDENDS

During the period, a final dividend of HK10.9 cents (six months ended 30th June, 2008: nil) per share was paid to shareholders for the year ended 31st December, 2008.

Subsequent to end of the reporting period the Group declared an interim dividend of HK7.2 cents per share to its shareholders.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30th June, 2009 is based on the profit for the period attributable to owners of the Company of RMB193,825,000 (for the six months ended 30th June, 2008: RMB333,368,000) and on the 1,228,000,000 (for the six months ended 30th June, 2008: 1,231,441,000) weighted average number of shares in issue during the period.

## 8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group made additions to property, plant and equipment of approximately RMB100 million (for the six months ended 30th June, 2008: RMB310 million) on acquisition of property, plant and equipment, including transfers from deposits of approximately RMB56 million (for the six months ended 30th June, 2008: RMB123 million).

## 9. TRADE RECEIVABLES

Payment terms with customers are mainly on credit. Invoices are normally payable from 45 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 payment. The following is an aged analysis of trade receivables at the end of reporting period:

	30.6.2009 RMB'000 (Unaudited)	31.12.2008 RMB'000 (Audited)
Age		
Not yet due	386,401	387,247
Overdue 0-90 days	69,282	66,028
Overdue 91-180 days	13,499	3,052
Overdue over 180 days	-	860
	469,182	457,187

## 10. FOREIGN CURRENCY FORWARD CONTRACTS

During the period, the Group acquired a number of Forward Contracts from certain banks to sell Euro 42 million for United States dollar ("US\$") at pre-determined rates ranging from US\$1.354 to US\$1.482 for Euro 1. The Forward Contracts will be settled at various dates up until May 2010, provided that the spot rate between the US\$ and Euro does not fall below an agreed rate (the "Knock-Out Rate"). At any time prior to maturity of the Forward Contracts, if the spot rate falls below the Knock-Out Rate, the Forward Contracts will be 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 30th June, 2009, the fair value of the Forward Contracts are determined by the respective issuing banks with reference to forward rates.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

## 11. TRADE PAYABLES

The following is an aged analysis of trade payables at the end of reporting period:

	30.6.2009 RMB'000 (Unaudited)	31.12.2008 RMB'000 (Audited)
Age		
Not yet due	273,464	220,921
Overdue 0-90 days	107	159
Overdue 91-180 days	965	82
Overdue over 180 days	735	5,203
	<u>275,271</u>	<u>226,365</u>

## 12. SHORT-TERM BANK LOANS

During the period, the Group raised new short-term bank loans of RMB20 million (for the six months ended 30th June, 2008: RMB256 million) and made repayments of RMB30 million (for the six months ended 30th June, 2008: RMB198 million). The short-term bank loans are unsecured and carry interest ranging from 0.6% to 1.25% per annum over London Inter-bank Offered Rate (as at 31st December, 2008: 0.8% to 1.25% per annum over London Inter-bank Offered Rate).

## 13. SHARE CAPITAL

	Number of shares	Amount US\$'000
Shares of US\$0.01 each		
Authorised:		
Ordinary shares	4,975,000,000	49,750
Series A preferred shares	15,000,000	150
Series B preferred shares	10,000,000	100
	<u>5,000,000,000</u>	<u>50,000</u>
At 1st January, 2009 and 30th June, 2009		
Issued and fully paid:		
Ordinary shares at 1st January, 2009 and 30th June, 2009	<u>1,228,000,000</u>	<u>12,280</u>
		RMB'000
At 30th June, 2009		<u>99,718</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

## 14. DISPOSAL OF A SUBSIDIARY

During the period, the Group disposed of its entire interests in AAC Electronics Ltd ("AACE") to the minority shareholder of AACE for an aggregate consideration of RMB8,880,000. The net assets at the date of disposal were as follows:

	RMB'000
Amounts due from related parties	7,566
Bank balances and cash	1
	<u>7,567</u>
Minority interests	(3,027)
Translation reserve released upon disposal	2,971
Gain on disposal	1,369
	<u>1,369</u>
Total consideration	<u>8,880</u>
Satisfied by:	
Cash	1,367
Balance of consideration receivable from the minority shareholder	7,513
	<u>8,880</u>
Net cash inflow arising on disposal:	
Cash consideration	1,367
Bank balances and cash disposed of	(1)
	<u>1,366</u>

During the period, AACE contributed a loss of RMB6,844,000 to the Group's profit for the period.

## 15. CAPITAL COMMITMENTS

	30.6.2009 RMB'000 (Unaudited)	31.12.2008 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment	<u>14,749</u>	<u>49,535</u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

## 16. RELATED PARTY TRANSACTIONS

Apart for the transactions disclosed elsewhere in this report, during the period the Group had the following significant transactions with related parties:

Relationship of related parties	Nature of transactions	1.1.2009 to 30.6.2009 RMB'000 (Unaudited)	1.1.2008 to 30.6.2008 RMB'000 (Unaudited)
Companies controlled by close family members of the directors of the Company	Purchase of raw materials	16,957	3,309
	Property rentals paid	3,111	3,547
	Sales of raw materials	596	–
Close family members of the directors of the Company	Property rentals paid	1,299	1,010
Substantial shareholders	Property rentals paid	278	294

During the period, the emoluments paid to the key management personnel of the Company, who represent the directors of the Company, was RMB3,156,000 (for the six months ended 30th June, 2008: RMB2,517,000).



# INDEPENDENT REVIEW REPORT

## Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF  
**AAC ACOUSTIC TECHNOLOGIES HOLDINGS INC.**  
*(incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 16, which comprises the condensed consolidated statement of financial position of AAC Acoustic Technologies Holdings Inc. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30th June, 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong  
11th September, 2009

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

Being one of the world's foremost manufacturers of miniature acoustic components our Company designs, manufactures and distributes a comprehensive suite of receivers, speakers, speaker modules, multi-function devices, microphones, transducers and headsets for using in mobile handsets, game consoles, notebook computers and other consumer electronics devices such as MP3 players and MP4 players. Besides continuous development of in-house intellectual properties, we also intend to strengthen our technology portfolio via acquisitions. Our management team is committed to seeking out appropriate acquisition targets around the world which can help to further strengthen the Company's existing technology base. During the first half of 2009, we have made two strategic investments, the first one is in multi-layer ceramic technology, which is the technology used in the Piezo ceramic speaker, vibrator (Haptics), and many RF key components, such as ceramic chip antenna, filter, diplexer and substrate for wireless communication. The second one is a strategic equity investment in Heptagon Oy, a Finnish company and pioneer in replicated WLO Lens technology.

## MARKET REVIEW

The worldwide economic downturn in the fourth quarter of 2008 spilled over to the first quarter of 2009. Due to the new projects carried out by some of our key customers, we managed to sustain healthy financial performance and stable revenue growth during the first half of 2009. Our market share within the mobile handset industry increased as a result of our new products and designs.

In order to diversify risks and maximize our potential, the Company expanded its products portfolio to include areas other than mobile phones related. Our solutions and markets expand to notebooks, digital cameras and camcorders, MP3 and MP4 players. As such, the Company will continue to invest in key technologies to facilitate this commitment.

The Company remains committed to advance our leadership in technology, and the development of in-house intellectual properties. In the first half of 2009, we have successfully obtained 44 additional patents bringing our portfolio to a total of 142 patents, and we filed another 48 patents pending, which bring a total of 230 patents pending by the end of the first half of 2009.

## FINANCIAL REVIEW

Although we started off in an unfavorable economic condition at the beginning of 2009, we still managed to achieve a decent financial position and we generated RMB326.3 million in net cash flows from operations for the six months ended 30th June, 2009. Revenue of the Group for the six months ended 30th June, 2009 amounted to RMB826.1 million, representing a decrease of 29.1% from RMB1,164.7 million for the corresponding period of previous year. Gross profit amounted to RMB346.5 million, representing a decrease of 30.5% from RMB498.7 million for the corresponding period of 2008. Profit attributable to owners of the Company amounted to RMB193.8 million, representing a decrease of 41.9% from RMB333.4 million for the corresponding period of 2008. Basic earnings per share amounted to RMB15.78 cents, representing a decrease of 41.7% from RMB27.07cents for the corresponding period of 2008.

## GEARING RATIO

The gearing ratio of the Group, computed by dividing the short-term bank loans by the total assets, as at 30th June, 2009 was 5.0 % compared with 5.4% as at 31st December, 2008.

## INDEBTEDNESS

As at 30th June, 2009, the Group had RMB191.3 million of short-term bank loans compared with RMB200.3 million as at 31st December, 2008.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30th June, 2009, the Group had RMB1,346.3 million in cash and cash equivalents. In addition, the Group had restricted short-term bank deposits of RMB30.0 million. The Group had no long-term debt as at 30th June, 2009. The management believes 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 capital of the Group.

## FOREIGN EXCHANGE

The majority of the Group's sales, purchases and operating expenses were denominated in RMB, US dollars, Japanese yen, Hong Kong dollars and Euro. The Board believes that the Group has been and will continue to be exposed to foreign currency exchange risks. The Group does not have a formal hedging policy. Management closely monitors such risks and will consider hedging significant foreign currency exposure should the need arise. The Group has entered into foreign exchange linked contracts to minimise the effect of exchange rate fluctuations between RMB and the US dollars. During the first half of 2009, the Company has entered into foreign currency forward contracts against Euro exposure.

## CHARGES ON GROUP ASSETS

As at 30th June, 2009, no Group asset was under charge to any financial institution. (As at 30th June, 2008: Nil)

## MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANY

During the period, the Group disposed of its entire interests in AACE to the minority shareholder of AACE for an aggregate consideration of RMB8.9 million.

Save as disclosed above, the Group had no material acquisition or disposal of any subsidiaries and associated companies for the six months ended 30th June, 2009.

## INVESTMENTS IN TECHNOLOGY AND NEW PRODUCTS

During the first half of 2009, we made two strategic investments. Firstly we made investment in multi-layer ceramic technology, as a material medium to improve our product portfolio. The technology provides leading product solutions in the Piezo ceramic speaker, vibrator (Haptics), and many RF key components, such as ceramic chip antenna, filter, diplexer and substrate for wireless communication. In May 2009, the Group completed its acquisition of the entire LTCC division of a Korean component manufacturer for a total consideration of RMB15.0 million. With this investment, we will be able to bridge the technology gap to embed multi-layer ceramic technology to built more completed Acoustic-RF integrated module product solution and imaging component solutions, increasing the Company's total available market value and accessibility. Secondly, we made an equity investment in WLO lens technology to enable us to participate in reflowable fine-structure free-form/aspheric micro-optics solutions. In June 2009, the Group acquired 16.7% of the issued share capital of Heptagon Oy for a consideration of RMB27.7 million.

In the future, we expect to also focus on MEMS technology (microphones and accelerometers). These research investments include the design, and packaging of MEMS (including use of LTCC technologies) as well as technologies related to active noise-cancellation, sound projection, related digital processing methods and software development.

Furthermore, we will continue our focus on further investment in imaging component technologies.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEE INFORMATION

As at 30th June, 2009, the Group employed 6,317 permanent employees. Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. The management regularly reviews the Group's remuneration policy and appraises the work performance of its staff.

Employee remuneration includes salaries, allowances, social insurance or mandatory pension fund. As required by the relevant regulations in the PRC, the Group participated in the social insurance schemes operated by the relevant local government authorities. The Group also participated in the mandatory pension fund and social insurance schemes for our employees in Hong Kong, Taiwan, USA and Europe.

## PROSPECTS

With a much more diversified customer and market base, we are well-positioned for stronger growth. We are able to leverage on our strengths in research and development capabilities, and our ability to ramp up new product platforms in an efficient manner, we are able to make use of our fully automated and semi-automated manufacturing processes to realize a fully vertically-integrated production model for increasingly complex acoustic-wireless solutions. Looking ahead, we strive to achieve a long term sustainable rapid growth by improving solution products and diversifying market focus.

In addition to our leading marketing share in acoustic and vibrator product segment, we are also addressing the potential markets of other miniature components. For instance, optical components are widely used in all sorts of consumer electronics, enabling customers to capture their precious moments, anytime, anywhere. Wireless transmission components (antenna) that enable complex signal transmission, to allow people to stay connected as well as technologies related to active noise-cancellation, sound projection, related digital processing methods and software development. Ultimately, our goal is to become one of the world's leading micro component and accessories, and a total solution providers for use in all kinds of consumer electronic devices.

## DIVIDENDS

From time to time, the Company will consider its financial position, results of operations, debt repayment ability, capital expenditures, Group's earnings and other factors as the Board may deem appropriate. The Board may recommend the amount of dividends to be declared and the declaration and payment of dividends will be determined by the shareholders in general meeting.

During the six months ended 30th June, 2009, a final dividend of HK10.9 cents per share was paid to shareholders for the year ended 31st December, 2008.

The Board declared the payment of an interim dividend of HK7.2 cents per ordinary share for the six months period ended 30th June, 2009. This represents a payout ratio of about 40% of the profit attributable to owners of the company for the period. The interim dividend will be payable on or around 9th October, 2009 to the shareholders of the Company whose names appear on the Register of Members on 28th September, 2009.

## DEFINITIONS

"MEMS"	Micro Electro Mechanical Systems ("MEMS") is based on semiconductor technology which uses silicon to create pathways for electricity within components.
"LTCC"	Low Temperature Co-Fired Ceramics ("LTCC") technology which is a technology used in the Piezo ceramic speaker, vibrator (Haptics), Chip Antenna and substrate for wireless communication.
"WLO"	Wafer Level Optic Lens technology.

# OTHER INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SHARES AND UNDERLYING SHARES

As at 30th June, 2009, the beneficial interests of the directors and chief executives of the Company in any shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions) which they are taken or deemed to have taken under such provisions of the SFO and pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Long positions in ordinary shares of US\$0.01 each of the Company:

Name of Director/ chief executive	Personal interests	Joint interests	Corporate interests	Family interests	Other interests	Total number of shares	Percentage of the Company's issued share capital
Mr. Benjamin Zhengmin Pan ("Mr. Pan") <sup>(1)</sup>	69,512,565	-	51,439,440	320,820,525	137,114,002	578,886,532	47.14%
Ms. Ingrid Chunyuan Wu ("Ms. Wu") <sup>(2)</sup>	320,820,525	-	-	120,952,005	137,114,002	578,886,532	47.14%
Mr. Koh Boon Hwee	1,307,562	-	-	-	-	1,307,562	0.11%
Mr. Pei Kang	-	12,000	-	-	-	12,000	0.001%

### Notes:

- (1) Mr. Pan beneficially owns 69,512,565 shares. Mr. Pan is also deemed or taken to be interested in the following shares for the purposes of the SFO:
- (i) 51,439,440 shares which are beneficially owned by Silver Island Limited, a company owned by Mr. Pan;
  - (ii) 320,820,525 shares which are beneficially owned by Ms. Wu as Mr. Pan is her spouse;
  - (iii) 132,375,158 shares which are deemed to be beneficially owned by Mr. Pan and Ms. Wu's descendants, as beneficiaries of the Pan 2005 Irrevocable Trust dated 10th May, 2005. Both children of Mr. Pan and Ms. Wu are under the age of 18; and
  - (iv) 4,738,844 shares which are deemed to be beneficially owned by Mr. Pan and Ms. Wu's descendants, as beneficiaries of the Pan 2005 Exempt Trust dated 10th May, 2005. Both children of Mr. Pan and Ms. Wu are under the age of 18.
- (2) Ms. Wu beneficially owns 320,820,525 shares. Ms. Wu is also deemed or taken to be interested in the following shares for the purposes of the SFO:
- (i) 51,439,440 shares which are beneficially owned by Silver Island Limited, a company owned by Mr. Pan, therefore 51,439,440 shares are deemed to be owned by Ms. Wu as she is Mr. Pan's wife;
  - (ii) 69,512,565 shares which are beneficially owned by Mr. Pan as she is his spouse;
  - (iii) 132,375,158 shares which are deemed to be beneficially owned by Mr. Pan and Ms. Wu's descendants, as beneficiaries of the Pan 2005 Irrevocable Trust dated 10th May, 2005. Both children of Mr. Pan and Ms. Wu are under the age of 18; and
  - (iv) 4,738,844 shares which are deemed to be beneficially owned by Mr. Pan and Ms. Wu's descendants, as beneficiaries of the Pan 2005 Exempt Trust dated 10th May, 2005. Both children of Mr. Pan and Ms. Wu are under the age of 18.

Other than as disclosed above, as at 30th June, 2009, none of the directors, chief executives of the Company nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations.

# OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2009, the register of interests and short positions kept by the Company under section 336 of the SFO other than the directors and chief executives, showed that the following persons held interests or short positions in the Company's shares:

Name of shareholder	Number of Shares	Percentage of the Company's issued share capital
J.P. Morgan Chase & Co. <sup>(1)</sup>	221,180,002 (L)	18.01%
	83,458,000 (P)	6.80%
Credit Suisse Group <sup>(2)</sup>	93,600,000 (L)	7.50%
	93,600,000 (S)	7.50%
Schroder Investment Management (Hong Kong) Limited	86,230,000 (L)	7.02%
Prudential Plc <sup>(3)</sup>	85,796,000 (L)	6.99%
Emerging Markets Management, L.L.C.	85,156,000 (L)	6.90%
Capital Research and Management Company <sup>(4)</sup>	61,568,000 (L)	5.01%

*L – Long position*

*S – Short position*

*P – Lending pool*

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(1) J.P. Morgan Chase & Co. through its various controlled corporations is interested in an aggregate of 221,180,002 shares of the Company.

(i) 83,458,000 shares are directly held by JP Morgan Chase Bank, N.A., J.P. Morgan Chase & Co. is deemed to be interested in these 83,458,000 shares by virtue of its 100% interest in JP Morgan Chase Bank, N.A.;

(ii) 154,000 shares are directly held by J.P. Morgan Whitefriars Inc., by virtue of J.P. Morgan overseas Capital Corporation's 100% interest in J.P. Morgan Whitefriars Inc., J.P. Morgan International Finance Limited's 100% interest in JP Morgan Overseas Capital Corporation, Bank One International Holdings Corporation's 100% interest in JP Morgan International Finance Limited, J.P. Morgan International Inc.'s 100% interest in Bank One International Holdings Corporation, J.P. Morgan Chase Bank, N.A.'s 100% interest in J.P. Morgan International Inc., J.P. Morgan Chase & Co.'s 100% interest in JP Morgan Chase Bank, N.A., each of JP Morgan Overseas Capital Corporation, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation, J.P. Morgan International Inc., JP Morgan Chase Bank, N.A., and J.P. Morgan Chase & Co. are deemed to be interested in these 154,000 shares;

(iii) 137,114,002 shares are directly held by J.P. Morgan International Bank Limited, by virtue of JP Morgan Overseas Capital Corporation's 100% interest in J.P. Morgan International Bank Limited, J.P. Morgan International Finance Limited's 100% interest in JP Morgan Overseas Capital Corporation, Bank One International Holdings Corporation's 100% interest in JP Morgan International Finance Limited, J.P. Morgan International Inc.'s 100% interest in Bank One International Holdings Corporation, J.P. Morgan Chase Bank, N.A.'s 100% interest in J.P. Morgan International Inc., J.P. Morgan Chase & Co.'s 100% interest in JP Morgan Chase Bank, N.A., each of JP Morgan Overseas Capital Corporation, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation, J.P. Morgan International Inc., JP Morgan Chase Bank, N.A., and J.P. Morgan Chase & Co. are deemed to be interested in these 137,114,002 shares.

(iv) 454,000 shares are directly held by JP Morgan Asset Management (Taiwan) Limited, by virtue of JP Morgan Asset Management (Asia) Inc.'s 100% interest in JP Morgan Asset Management (Taiwan) Limited, JP Morgan Asset Management Holdings Inc.'s 100% interest in JP Morgan Asset Management (Asia) Limited, J.P. Morgan Chase & Co.'s 100% interest in JP Morgan Asset Management Holdings Inc., each of JP Morgan Asset Management (Asia) Inc., JP Morgan Asset Management Holdings Inc., and J.P. Morgan Chase & Co. are deemed to be interested in these 454,000 shares.

Comprising 83,458,000 shares in the lending pool as described in the SFO. The term "lending pool" is defined as (i) shares that the approved lending agent holds as agent for a third party which he is authorised to lend and other shares that can be lent according to the requirements of the Securities Borrowing and Lending Rules; and (ii) shares that have been lent by the approved lending agent and only if the right of the approved lending agent to require the return of the shares has not yet been extinguished.

# OTHER INFORMATION

- (2) By virtue of Credit Suisse Group's 100% interest in Credit Suisse, Credit Suisse's 100% interest in Credit Suisse First Boston (International) Holdings AG, Credit Suisse First Boston (International) Holdings AG's 100% interest in Credit Suisse First Boston International (Guernsey) Limited and 70.2% interest in Credit Suisse First Boston (Hong Kong) Limited; and Credit Suisse First Boston International (Guernsey) Limited also owns 29.8% interest in Credit Suisse First Boston (Hong Kong) Limited, each of Credit Suisse Group, Credit Suisse and Credit Suisse First Boston (International) Holdings AG is deemed to be interested in 93,600,000 shares in the Company directly held by Credit Suisse First Boston (Hong Kong) Limited.
- (3) By virtue of Prudential Plc's 100% interest in Prudential Holdings Ltd., Prudential Holdings Ltd.'s 100% interest in Prudential Corporation Holdings Ltd., Prudential Corporation Holdings Ltd.'s 100% interest in Prudential Asset Management (Hong Kong) Ltd., each of Prudential Plc, Prudential Holdings Ltd., Prudential Corporation Holdings Ltd. and Prudential Asset Management (Hong Kong) Ltd. is deemed to be interested in 85,796,000 shares in the Company directly held by Prudential Asset Management (Hong Kong) Ltd.
- (4) By virtue of The Capital Group Companies, Inc.'s 100% interest in Capital Research and Management Company, each of Capital Research and Management Company and The Capital Group Companies, Inc. is deemed to be interested in 61,568,000 shares in the Company directly held by The Capital Group Companies, Inc.

Save as the interests and short positions disclosed above, as at 30th June, 2009, so far as was known to any director of the Company, no other persons had an interest or short position in the shares, equity derivatives, underlying shares or debenture of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who where interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

## CLOSURE REGISTER OF MEMBERS

The registers of members of the Company will be closed from 28th September, 2009 to 2nd October, 2009, 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 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 25th September, 2009.

## SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed in the Company's special general meeting held on 15th July, 2005, the Company approved and adopted a share option scheme (the "SO Scheme") which will expire at its tenth anniversary. For details of the SO Scheme, please refer to the prospectus of the Company dated 28th July, 2005.

During the six months ended 30th June, 2009, no options had been granted or agreed to be granted or outstanding under the SO Scheme of the Company.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the six months ended 30th June, 2009 was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, the changes of information on directors of the Company are as follows:

With effect from 1 January 2009, the directors' fee of the following directors of the Company had been adjusted as follows:

Name of directors	Directors' fee (US\$) per year
Ms. Ingrid Chunyuan Wu	25,000
Mr. Pei Kang	25,000
Mr. Koh Boon Hwee	60,000
Dr. Dick Mei Chang	30,000
Mr. Mok Joe Kuen Richard	45,000





# OTHER INFORMATION

## ADOPTION OF CHINESE NAME AND STOCK SHORT NAME

The adoption of the new Chinese name “瑞聲聲學科技控股有限公司” for identification purpose only have become effective on 3 September 2009. And the Chinese stock short name for trading in the shares of the Company on Stock Exchange has been adopted as “瑞聲聲學” with effect from 8 September 2009. The English stock short name “AAC ACOUSTIC” remains unchanged.

## RESIGNATION OF DIRECTOR

Dr. Dick Mei Chang (“Dr. Chang”) has resigned as an independent non-executive director, chairman of nomination committee and member of remuneration committee of the Company as to concentrate on other business commitments with effect from 11 September 2009. The Board would like to take this opportunity to express its sincere thanks to Dr. Chang for his valuable contribution to the Company.

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the six months ended 30th June, 2009.

## CORPORATE GOVERNANCE

The Company has complied with the code provisions of the “Code on Corporate Governance Practices” (the “CG Code”) as set out in Appendix 14 of the Listing Rules for the six months ended 30th June, 2009.

The Company has adopted codes of conduct regarding securities transactions by directors of the Company 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”).

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All directors of the Company 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, 2009.

## BOARD COMMITTEE

### Audit Committee

The Board has established an Audit Committee on 16th April, 2005. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group.

The Audit Committee comprises two independent non-executive directors of the Company, namely, Mr. Mok Joe Kuen Richard and Mr. Koh Boon Hwee and a non-executive director of the Company, and Ms. Ingrid Chunyuan Wu. Mr. Mok Joe Kuen Richard is the chairman of the Audit Committee.

The Audit Committee and the auditors of the Company, Deloitte Touche Tohmatsu, have reviewed and discussed with the management regarding the Company’s unaudited consolidated interim financial statements for the six months ended 30th June, 2009.

### Remuneration Committee

The Board has established a remuneration committee on 16th April, 2005 in compliance with the CG Code. The Remuneration Committee will make recommendations to the Board on the remuneration of directors of the Company and determine on behalf of the Board specific remuneration packages and conditions of employment for the directors of the Company. Members of the Remuneration Committee include Mr. Koh Boon Hwee, Dato’ Tan Bian Ee and Mr. Pei Kang. Mr. Koh Boon Hwee is the chairman of the Remuneration Committee.

### Nomination Committee

The Board has established a nomination committee on 16th April, 2005 in compliance with the CG Code. The Nomination Committee will make recommendations to the Board on the appointment of directors and senior management of the Company. Members of the Nomination Committee include Dato’ Tan Bian Ee, Mr. Mok Joe Kuen Richard and Mr. Pei Kang. Dato’ Tan Bian Ee is the chairman of the Nomination Committee.

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

Hong Kong, 11th September, 2009