



**瑞聲科技控股有限公司**  
**AAC Technologies Holdings Inc.**

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

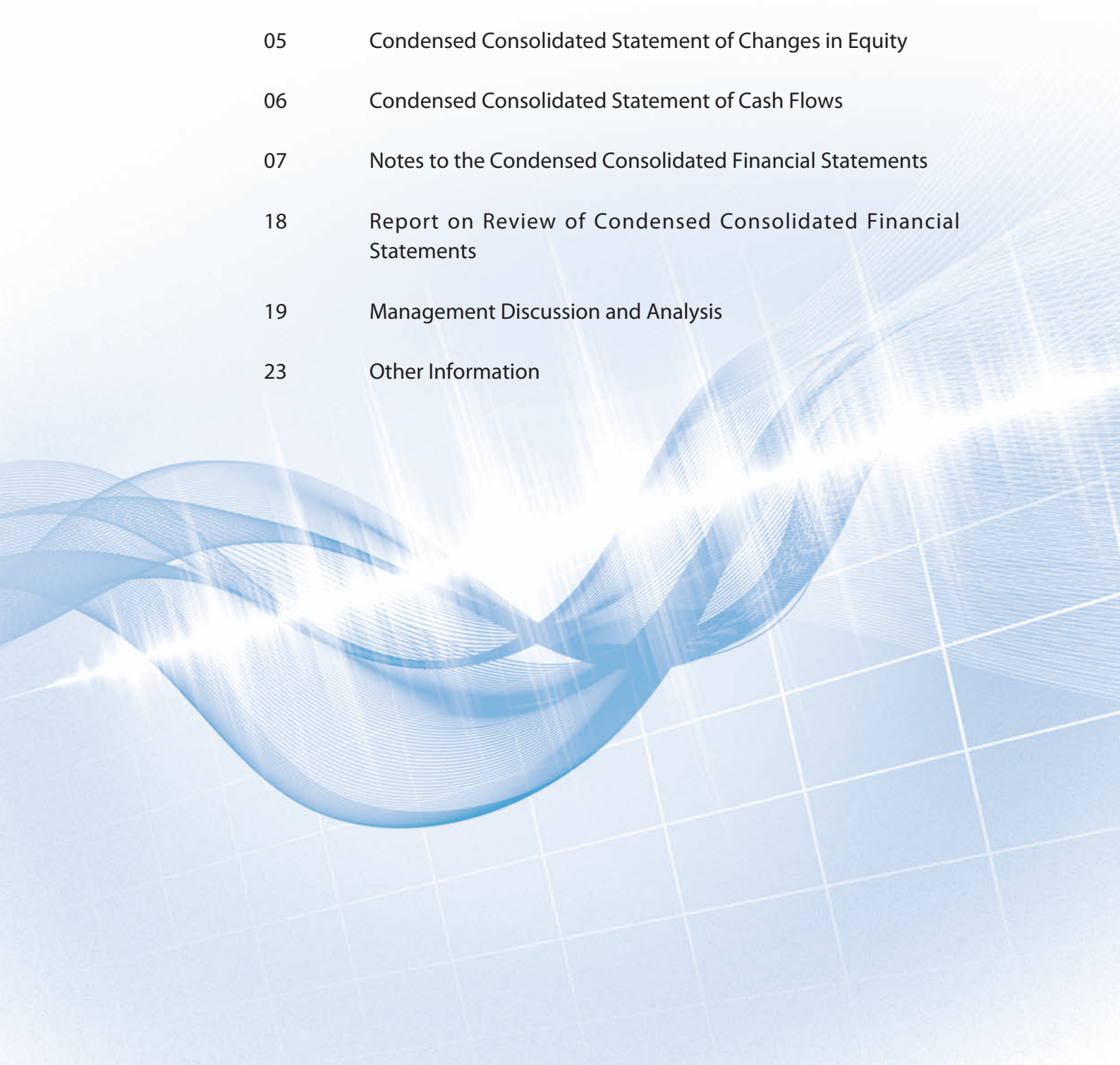
Stock Code 股份代號：02018

**2015**  
Interim Report  
中期報告



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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Benjamin Zhengmin Pan  
(Chief Executive Officer)

Mr. Mok Joe Kuen Richard

### Non-executive Director

Ms. Ingrid Chunyuan Wu

### Independent Non-executive Directors

Mr. Koh Boon Hwee (Chairman)

Mr. Poon Chung Yin Joseph

Dato' Tan Bian Ee

Ms. Chang Carmen I-Hua

## COMPANY SECRETARY

Mr. Lo Tai On

## AUDIT COMMITTEE

Mr. Poon Chung Yin Joseph (Chairman)

Mr. Koh Boon Hwee

Ms. Ingrid Chunyuan Wu

## REMUNERATION COMMITTEE

Mr. Koh Boon Hwee (Chairman)

Dato' Tan Bian Ee

Ms. Chang Carmen I-Hua

## NOMINATION COMMITTEE

Dato' Tan Bian Ee (Chairman)

Mr. Poon Chung Yin Joseph

Ms. Chang Carmen I-Hua

## AUTHORIZED REPRESENTATIVES

Mr. Benjamin Zhengmin Pan

Mr. Mok Joe Kuen Richard

## AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
35th Floor, One Pacific Place  
88 Queensway  
Hong Kong

## LEGAL ADVISOR FOR LISTING MATTERS

Woo, Kwan, Lee & Lo  
26th Floor, Jardine House  
1 Connaught Place  
Central, Hong Kong

## REGISTERED OFFICE

Century Yard, Cricket Square, Hutchins Drive  
P.O. Box 2681, George Town  
Grand Cayman, KY1-1111  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2003, 20th Floor  
100 Queen's Road Central  
Central, Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited  
Boundary Hall, Cricket Square  
P.O. Box 1093, Grand Cayman, KY1-1102  
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

Bank of Communications  
Bank of China  
The Hongkong and Shanghai Banking Corporation Limited  
DBS Bank Ltd.

## STOCK CODE

02018

## WEBSITE

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

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th June, 2015

The board (the "Board") of directors (the "Director(s)") of AAC Technologies Holdings Inc. ("AAC Technologies" or the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30th June, 2015 together with the unaudited comparative figures for the corresponding period in 2014. These condensed consolidated financial statements have not been audited, but have been reviewed by the auditor, Deloitte Touche Tohmatsu, and the Company's audit committee (the "Audit Committee") and approved by the Board on 24th August, 2015.

	NOTES	1.1.2015 to 30.6.2015 (Unaudited) RMB'000	1.1.2014 to 30.6.2014 (Unaudited) RMB'000
Revenue	3	4,706,784	3,716,020
Cost of goods sold		(2,753,461)	(2,185,942)
Gross profit		1,953,323	1,530,078
Other income		51,940	68,604
Net fair value gain on foreign currency forward contracts		–	345
Distribution and selling expenses		(101,184)	(79,388)
Administrative expenses		(179,419)	(137,971)
Research and development costs		(374,214)	(281,218)
Share of results of associates		(1,838)	40
Exchange gain (loss)		26,387	(1,034)
Gain on disposal of a subsidiary	16	4,411	–
Finance costs		(8,199)	(6,786)
Profit before taxation	4	1,371,207	1,092,670
Taxation	5	(127,850)	(114,853)
Profit for the period		1,243,357	977,817
Other comprehensive (expense) income: <i>Item that may be subsequently reclassified to profit or loss:</i> Exchange differences arising from translation		(13,204)	13,296
Total comprehensive income for the period		1,230,153	991,113
Profit (loss) for the period attributable to:			
Owners of the Company		1,245,605	979,753
Non-controlling interests		(2,248)	(1,936)
		1,243,357	977,817
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		1,232,703	993,469
Non-controlling interests		(2,550)	(2,356)
		1,230,153	991,113
Earnings per share – Basic	7	RMB101.43 cents	RMB79.78 cents



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2015

	NOTES	30.6.2015 (Unaudited) RMB'000	31.12.2014 (Audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	6,089,610	5,285,248
Goodwill		110,345	32,931
Prepaid lease payments		178,379	180,801
Deposits for acquisition of property, plant and equipment		402,807	485,521
Available-for-sale investments	9	364,531	364,531
Interests in associates		9,000	15,688
Intangible assets		172,507	139,660
Deposits paid for acquisition of additional interests in a subsidiary		10,381	7,717
Loan receivable from a non-controlling shareholder of a subsidiary		17,198	17,075
		<b>7,354,758</b>	<b>6,529,172</b>
<b>Current assets</b>			
Inventories		1,667,564	1,267,191
Trade and other receivables	10	3,315,215	3,850,382
Amounts due from related companies		21,349	18,216
Taxation recoverable		4,949	7,511
Pledged bank deposits		30	3,990
Bank balances and cash		1,548,815	1,602,687
		<b>6,557,922</b>	<b>6,749,977</b>
<b>Current liabilities</b>			
Trade and other payables	11	2,464,017	2,388,466
Amounts due to related companies		48,931	48,469
Taxation payable		151,609	146,050
Short-term bank loans	12	1,438,010	1,417,806
Other short-term borrowings		306	307
		<b>4,102,873</b>	<b>4,001,098</b>
Net current assets		<b>2,455,049</b>	<b>2,748,879</b>
Total assets less current liabilities		<b>9,809,807</b>	<b>9,278,051</b>
<b>Non-current liabilities</b>			
Government grants		40,500	34,894
Deferred tax liabilities		53,301	40,356
Loan payable to a non-controlling shareholder of a subsidiary		11,228	11,158
		<b>105,029</b>	<b>86,408</b>
Net assets		<b>9,704,778</b>	<b>9,191,643</b>
<b>Capital and reserves</b>			
Share capital	13	99,718	99,718
Reserves		9,563,498	9,038,377
Equity attributable to owners of the Company		<b>9,663,216</b>	<b>9,138,095</b>
Non-controlling interests		41,562	53,548
Total equity		<b>9,704,778</b>	<b>9,191,643</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2015

	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	Non-controlling 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, 2014 (audited)	99,718	746,957	1,135	23,391	(99,701)	87,245	344,860	6,672,512	7,876,117	55,672	7,931,789
Exchange differences arising from translation	-	-	-	-	13,716	-	-	-	13,716	(420)	13,296
Profit for the period	-	-	-	-	-	-	-	979,753	979,753	(1,936)	977,817
Total comprehensive income (expense) for the period	-	-	-	-	13,716	-	-	979,753	993,469	(2,356)	991,113
Dividends paid (Note 6)	-	-	-	-	-	-	-	(809,073)	(809,073)	-	(809,073)
Transfer	-	-	-	-	-	-	2,867	(2,867)	-	-	-
At 30th June, 2014 (unaudited)	99,718	746,957	1,135	23,391	(85,985)	87,245	347,727	6,840,325	8,060,513	53,316	8,113,829
At 1st January, 2015 (audited)	99,718	746,957	1,135	23,391	(103,048)	87,245	347,260	7,935,437	9,138,095	53,548	9,191,643
Exchange differences arising from translation	-	-	-	-	(12,902)	-	-	-	(12,902)	(302)	(13,204)
Profit for the period	-	-	-	-	-	-	-	1,245,605	1,245,605	(2,248)	1,243,357
Total comprehensive (expense) income for the period	-	-	-	-	(12,902)	-	-	1,245,605	1,232,703	(2,550)	1,230,153
Dividends paid (Note 6)	-	-	-	-	-	-	-	(687,565)	(687,565)	-	(687,565)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	(20,365)	(20,365)	(8,352)	(28,717)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(1,127)	(1,127)
Contributions from non-controlling interests	-	-	-	-	-	-	-	348	348	43	391
At 30th June, 2015 (unaudited)	99,718	746,957	1,135	23,391	(115,950)	87,245	347,260	8,473,460	9,663,216	41,562	9,704,778

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2015

	NOTES	1.1.2015 to 30.6.2015 (Unaudited) RMB'000	1.1.2014 to 30.6.2014 (Unaudited) RMB'000
Net cash from operating activities		<b>1,745,942</b>	1,278,451
Net cash used in investing activities			
Purchase of property, plant and equipment		<b>(652,515)</b>	(482,739)
Deposits paid for acquisition of property, plant and equipment		<b>(402,807)</b>	(409,521)
Acquisition of a subsidiary	15	<b>(69,655)</b>	–
Acquisition of additional interest in a subsidiary		<b>(28,717)</b>	–
Additions to intangible assets		<b>(5,874)</b>	(5,975)
Deposits paid for additional interests in a subsidiary		<b>(2,670)</b>	–
Prepaid rentals on land use rights		<b>(40)</b>	(59,597)
Placement of pledged bank deposits		<b>(30)</b>	(32,708)
Proceeds from disposal of property, plant and equipment		<b>11,285</b>	26,423
Interest received		<b>7,662</b>	17,328
Deregistration of an associate		<b>4,850</b>	–
Withdrawal of pledged bank deposits		<b>3,990</b>	–
Proceeds from disposal of a subsidiary	16	<b>2,457</b>	–
Acquisition of an associate		–	(12,294)
Advance to a non-controlling shareholder of a subsidiary		–	(2,318)
Other investing cash flows		<b>8,235</b>	1,200
		<b>(1,123,829)</b>	(960,201)
Net cash used in financing activities			
Short-term loans raised		<b>2,335,345</b>	2,765,626
Contributions from non-controlling interests		<b>391</b>	–
Repayment of short-term bank loans		<b>(2,314,185)</b>	(2,754,270)
Dividends paid		<b>(687,565)</b>	(809,073)
Interest paid		<b>(8,199)</b>	(6,786)
Advance from a non-controlling shareholder of a subsidiary		–	2,172
Repayment of other short-term borrowings		–	(2,104)
		<b>(674,213)</b>	(804,435)
Net decrease in cash and cash equivalents		<b>(52,100)</b>	(486,185)
Cash and cash equivalents at 1st January		<b>1,602,687</b>	2,354,313
Effect of foreign exchange rate changes		<b>(1,772)</b>	4,042
Cash and cash equivalents at 30th June, represented by bank balances and cash		<b>1,548,815</b>	1,872,170

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2015

## 1. BASIS OF PREPARATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as describe below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2014.

In the current interim period, the Group has applied, for the first time, certain new or revised International Financial Reporting Standards ("IFRSs") that are mandatorily effective for the current interim period.

The application of the new or revised IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

## 3. SEGMENT INFORMATION

Operating and reportable segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their 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 (including speaker boxes, receivers and speakers), Micro Electro-Mechanical System ("MEMS") components, haptics & radio frequency mechanical module ("Haptics & RF Mechanical Module") and other products (including optics, traditional microphones and headsets, etc.), which represent the major types of products manufactured and sold by the Group.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2015

## 3. SEGMENT INFORMATION (CONTINUED)

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

	1.1.2015 to 30.6.2015 RMB'000 (Unaudited)	1.1.2014 to 30.6.2014 RMB'000 (Unaudited)
<b>Operating and reportable segments</b>		
Segment revenue		
Dynamic components	2,737,967	2,970,514
Haptics & RF Mechanical Module	1,480,689	108,213
MEMS components	419,459	379,084
Other products	68,669	258,209
	<u>4,706,784</u>	<u>3,716,020</u>
Revenue		
Segment results		
Dynamic components	1,095,005	1,349,893
Haptics & RF Mechanical Module	769,913	28,673
MEMS components	84,065	91,119
Other products	4,340	60,393
	<u>1,953,323</u>	<u>1,530,078</u>
Total profit for operating and reportable segments		
– gross profit	1,953,323	1,530,078
Unallocated amounts:		
Interest income	7,662	17,328
Other income	44,278	51,276
Net fair value gain on foreign currency forward contracts	–	345
Distribution and selling expenses	(101,184)	(79,388)
Administrative expenses	(179,419)	(137,971)
Research and development costs	(374,214)	(281,218)
Share of results of associates	(1,838)	40
Exchange gain (loss)	26,387	(1,034)
Gain on disposal of a subsidiary	4,411	–
Finance costs	(8,199)	(6,786)
	<u>1,371,207</u>	<u>1,092,670</u>
Profit before taxation		

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as such information is not regularly provided to the CEO for review.

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2015

## 4. PROFIT BEFORE TAXATION

	1.1.2015 to 30.6.2015 RMB'000 (Unaudited)	1.1.2014 to 30.6.2014 RMB'000 (Unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of intangible assets	6,626	7,770
(Reversal) allowance for obsolete inventories, included in cost of goods sold	(670)	51
Depreciation	322,686	237,898
Impairment loss recognised in respect of property, plant and equipment	-	472
Gain on disposal of property, plant and equipment, net	(2,477)	(6,400)

## 5. TAXATION

	1.1.2015 to 30.6.2015 RMB'000 (Unaudited)	1.1.2014 to 30.6.2014 RMB'000 (Unaudited)
The charge comprises:		
People's Republic of China (the "PRC")		
Enterprise Income Tax	91,748	93,211
Overseas taxation	36,102	21,642
	<u>127,850</u>	<u>114,853</u>

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months period ended 30th June, 2015 and 30th June, 2014 as the Group has no assessable profits for both periods.

Under the law of the 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.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2015

## 5. TAXATION (CONTINUED)

In addition, certain PRC subsidiaries were officially endorsed as High-New Technology Enterprises (“HNTE”) till the dates ranging from 5th August, 2015 to 21st October, 2017. 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.

## 6. DIVIDENDS

During the current interim period, a final dividend of HK\$0.71 per share in respect of the year ended 31st December, 2014 (the six months ended 30th June, 2014: final dividend of HK\$0.83 per share in respect of the year ended 31st December, 2013) was paid to shareholders of the Company. The higher final dividend for the year ended 31st December, 2013 was attributed to non-recurring contributions from the gain on deemed disposal of partial interest in an associate and gain on deemed disposal of an associate. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK\$871,880,000 (equivalent to approximately RMB687,565,000) (the six months ended 30th June, 2014: HK\$1,019,240,000 (equivalent to approximately RMB809,073,000)).

Subsequent to the end of the interim period, the Directors have determined that an interim dividend of HK\$0.25 per share (2014 interim dividend: HK\$0.25 per share) will be paid to the shareholders of the Company.

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30th June, 2015 is based on the profit for the period attributable to owners of the Company of RMB1,245,605,000 (the six months ended 30th June, 2014: RMB979,753,000) and on the 1,228,000,000 (the six months ended 30th June, 2014: 1,228,000,000) number of shares in issue during the period.

No diluted earnings per share are presented as the Group does not have any potential ordinary shares outstanding.

## 8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of RMB1,138,036,000 (the six months ended 30th June, 2014: RMB681,999,000). Part of the consideration of RMB485,521,000 (the six months ended 30th June, 2014: RMB199,260,000) was paid up in advance in 2014.

Also, during the period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB8,808,000 (the six months ended 30th June, 2014: RMB40,768,000) for proceeds of RMB11,285,000 (the six months ended 30th June, 2014: RMB47,168,000) and resulting in a gain on disposal of RMB2,477,000 (the six months ended 30th June, 2014: gain on disposal of RMB6,400,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2015

## 9. AVAILABLE-FOR-SALE INVESTMENTS

	30.6.2015 RMB'000 (Unaudited)	31.12.2014 RMB'000 (Audited)
Unlisted shares, at cost (note)	<b>364,531</b>	364,531

Note:

The investments are 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.

## 10. TRADE AND OTHER RECEIVABLES

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 days to 120 days of issuance. The Group may accept bank acceptance bills with maturities ranging from 30 days to 180 days at the end of the credit terms in lieu of cash payment. As at 30th June, 2015, the Group has accepted such bills amounting to RMB31,838,000 (as at 31st December, 2014: RMB78,438,000). The following is an aged analysis of trade and bills receivables, presented based on the invoice date which approximated the revenue recognition date. The analysis below is net of allowance for doubtful debts.

	30.6.2015 RMB'000 (Unaudited)	31.12.2014 RMB'000 (Audited)
Age		
0 – 90 days	<b>2,290,833</b>	3,015,864
91 – 180 days	<b>560,611</b>	282,070
Over 180 days	<b>20,413</b>	30,611
	<b>2,871,857</b>	3,328,545



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2015

## 11. TRADE AND OTHER PAYABLES

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

	30.6.2015 RMB'000 (Unaudited)	31.12.2014 RMB'000 (Audited)
Age		
0 – 90 days	1,592,001	1,577,470
91 – 180 days	222,642	208,285
Over 180 days	607	535
	<u>1,815,250</u>	<u>1,786,290</u>

## 12. SHORT-TERM BANK LOANS

These loans carry interest ranging from 0.78% to 1.44% per annum (as at 31st December, 2014: carry interest ranging from 0.75% to 2.74% per annum). The Company issued guarantees to banks to secure the borrowings.

## 13. SHARE CAPITAL

	Number of shares	Amount US\$'000
Shares of US\$0.01 each		
Authorised:		
Ordinary shares at 1st January, 2014, 1st January, 2015 and 30th June, 2015	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid:		
Ordinary shares at 1st January, 2014, 1st January, 2015 and 30th June, 2015	<u>1,228,000,000</u>	<u>12,280</u>
		<b>RMB'000</b>
Presented in the condensed consolidated statement of financial position As at 1st January, 2014, 1st January, 2015 and at 30th June, 2015		<u>99,718</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2015

## 14. CAPITAL COMMITMENTS

	30.6.2015 RMB'000 (Unaudited)	31.12.2014 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>258,864</u>	<u>136,335</u>

## 15. ACQUISITION OF A SUBSIDIARY

On 7th May, 2015, the Group acquired 100% interest in a private company, WiSpry, Inc. ("WiSpry") from certain independent third parties for an aggregate consideration of USD16,816,000 (approximately to RMB102,808,000). The acquisition has been accounted for using the acquisition method.

### Consideration transferred

	WiSpry RMB'000
Cash	73,364
Contingent consideration	<u>29,444</u>
Total	<u>102,808</u>

Pursuant to the sales and purchase agreement, the Group is required to make contingent consideration payment to the shareholders upon meeting specific technical milestone and specific revenue target. The Directors are of the opinion, that WiSpry will be able to meet all the conditions for payment of the contingent consideration. The contingent consideration is payable by stages on or before October 2017.

Acquisition-related costs during the period amounting to approximately RMB2,690,000 have been excluded from the cost of acquisition and have been recognised directly as an expense in the period and included in the administrative expenses line item in the condensed consolidated statement of profit or loss and other comprehensive income.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2015

## 15. ACQUISITION OF A SUBSIDIARY (CONTINUED)

The assets acquired and liabilities assumed which were recognised on 7th May, 2015, the date of acquisition, are as follows:

	RMB'000
Plant and equipment	2,198
Intangible asset	38,211
Other assets	192
Trade and other receivables	587
Prepaid and other current assets	1,704
Bank balances and cash	3,709
Trade and other payables	(3,913)
Accruals	(3,538)
Deferred tax liability	(13,756)
	<hr/>
Net assets assumed	25,394
	<hr/>
Goodwill arising on acquisition:	
Consideration	102,808
Less: Net assets recognised	(25,394)
	<hr/>
Goodwill arising on acquisition	77,414
	<hr/>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2015

## 15. ACQUISITION OF A SUBSIDIARY (CONTINUED)

The fair value of trade and other receivables at date of acquisition amounted to RMB587,000 and the gross contractual amount was RMB587,000. All contractual receivables at acquisition date are expected to be recoverable.

Goodwill 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 WiSpry and business management skills from the Group. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

The fair value of the intangible asset is estimated by an independent and professionally qualified valuer and calculated using multi period excess earnings method under income approach.

	RMB'000
Net cash outflow on acquisition:	
Consideration paid	(73,364)
Cash and cash equivalents acquired	<u>3,709</u>
	<u>(69,655)</u>

### Impact of acquisition on the results of the Group

WiSpry, as intended to be a technology contributor, contributed no revenue and a loss of RMB7,380,000 to the Group since the acquisition. Had WiSpry been consolidated from 1st January, 2015, the impact of the Group's revenue and the profit attributable to the equity holders of the Company for the period ended 30th June, 2015 would have been insignificant.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2015

## 16. DISPOSAL OF A SUBSIDIARY

As at 1st May, 2015, the Group entered into share transfer agreements with a related party and a third party for the disposal of 67% equity interests in a subsidiary, at a cash consideration of RMB6,700,000.

Analysis of assets and liabilities disposed of:

	RMB'000
Plant and equipment	2,040
Bank balances and cash	893
Trade and other receivables	349
Inventories	381
Trade and other payables	(247)
	<u>3,416</u>
Gain on disposal of a subsidiary:	
Consideration	6,700
Non-controlling interests (33% of the subsidiary)	1,127
Net assets disposed of	<u>(3,416)</u>
Gain on disposal	<u>4,411</u>
Cash inflow arising on disposal:	
Cash consideration received (note)	3,350
Less: Bank balances and cash disposed of	<u>(893)</u>
	<u>2,457</u>

Note: The final cash consideration of RMB3,350,000 will be settled once the industrial and commercial registration of change is issued by State Administration for Industry and Commerce of the PRC.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2015

## 17. RELATED PARTY TRANSACTIONS

Apart from the balances 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	1.1.2015 to 30.6.2015 RMB'000 (Unaudited)	1.1.2014 to 30.6.2014 RMB'000 (Unaudited)
Companies controlled by close family members of the substantial shareholders of the Company (Note)	Purchase of raw materials by the Group	56,814	28,394
	Property rentals paid by the Group	11,862	11,334
	Sales of raw materials by the Group	372	1
	Subsidiary disposed by the Group	6,200	–
Close family members of the substantial shareholders of the Company (Note)	Property rentals paid by the Group	1,899	1,899

Note: The substantial shareholders have a shareholding which gives them significant influence over the Company. They are also Directors of the Company.

During the period, the emoluments paid to the key management personnel of the Company, who represent the Directors of the Company, was RMB7,840,000 (the six months ended 30th June, 2014: RMB10,306,000).

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Deloitte. 德勤

### TO THE BOARD OF DIRECTORS OF AAC TECHNOLOGIES HOLDINGS INC.

(incorporated in the Cayman Islands with limited liability)

#### Introduction

We have reviewed the condensed consolidated financial statements of AAC Technologies Holdings Inc. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 3 to 17, which comprise the condensed consolidated statement of financial position as of 30th June, 2015 and the related condensed consolidated statement of profit or loss and other 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 of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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.

#### 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

24th August, 2015

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

AAC Technologies is a total solution-provider utilising the latest miniaturized technology components across acoustic, haptic, radio frequency wireless and optical segments. The Company is already an established leading global supplier of miniaturized acoustic components including a broad range of speakers, receivers and MEMS microphones. The Company delivers integrated solutions across multiple segments incorporating advanced proprietary technology haptics vibrators, RF antennas and optical components. The Company serves a large number of geographically diverse customers in the mobile electronics market and the Company's products are found in devices such as smartphones, tablets, wearables and PC notebooks. The Company is global in scope with research and development centers in the PRC, Singapore, Japan and Denmark, testing laboratories in Singapore and South Korea, manufacturing facilities in the PRC, Vietnam and the Philippines, 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 identifying and evaluating appropriate opportunities to invest or to form alliances with other global technology companies that will create synergy with the Company's existing technology capabilities.

## MARKET REVIEW

Smartphone sales volumes continue to reach record levels in the first half of 2015 due to sustained growth in developed markets and significant growth in emerging markets. Although premium flagship devices sold briskly in the developed markets, it was the abundance of affordable handsets in emerging markets supported by local vendors that contributed to growth. Local OEMs in India have matured to become global brands with reach into Middle Eastern and African markets and are expected to deliver greater than 20% compound annual growth. Despite the overall year-on-year growth rate of smartphone volume showing a gradual slowdown, there are continuous innovation and upgrades in specification requirements to offer exciting opportunities for business growth.

OEMs are putting more focus on competitive smartphones which are lower in price but rich in features to attack both emerging and developed markets. There are more than 200 different brands around the world now, mostly coming from China, with many of them focused on entry level and mid-range innovative models. Chinese handset makers continue to disrupt global markets with high-specs but competitively-priced products. As a leading total solutions provider, AAC Technologies has built a solid foundation across different business lines, a global sales network, and a complete technology product portfolio to cater for different tiers of devices. It is uniquely positioned to capture these rising market opportunities.

## FINANCIAL REVIEW

The Company had achieved solid financial results in the first half and generated RMB1,745.9 million in net cash flow from operations. For the six months ended 30th June, 2015, the Group's total revenue reached RMB4,706.8 million, representing an increase of RMB990.8 million, or 26.7%, compared with the first half year of 2014. Gross profit of RMB1,953.3 million was RMB423.2 million, or 27.7%, higher than the first half year of 2014. Gross profit margin was 41.5%, 0.3 percentage points higher than the corresponding period of last year. Profit attributable to owners of the Company amounted to RMB1,245.6 million, representing a rise of 27.1% from RMB979.8 million reported in the corresponding period of 2014. Basic earnings per share amounted to RMB1.01, up 27.1% from RMB0.80 for 2014 accordingly.

The turnover days of trade receivables was 119 days, 2.6% more compared with 2014. 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 RMB2,290.9 million (2014: RMB3,015.8 million), RMB560.6 million (2014: RMB282.1 million) and RMB20.4 million (2014: RMB30.6 million) respectively. The quality of receivables remained sound, and total subsequent settlement received up till 31st July, 2015 amounted to RMB876.5 million representing 30.5% of the total amounts outstanding, net of allowances, as at the end of the reporting period.

As for tax, the Group's major operating subsidiaries fall under different tax regimes in Hong Kong, the PRC, Singapore and Vietnam where different laws and regulations, and specific concessionary incentives apply.



# MANAGEMENT DISCUSSION AND ANALYSIS

## GEARING RATIO AND INDEBTEDNESS

The gearing ratio of the Group, computed by dividing total loans and borrowings by total assets, was 10.4% as at 30th June, 2015 (31st December, 2014: 10.8%).

As at 30th June, 2015, the Group had RMB1,438.0 million of bank loans, all short term (31st December, 2014: RMB1,417.8 million).

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's financial position remained strong and it continues to maintain a strong and steady cash inflow from operating activities. As at 30th June, 2015, the Group had RMB1,548.8 million in cash and cash equivalents (31st December, 2014: RMB1,602.7 million), of which 53.5 (31st December, 2014: 50.3) percent was denominated in US dollar, 42.0 (31st December, 2014: 44.0) percent was denominated in Renminbi, 1.4 (31st December, 2014: 1.2) percent was denominated in Hong Kong dollar, 1.2 (31st December, 2014: 1.4) percent was denominated in Japanese Yen, 0.6 (31st December, 2014: 2.3) percent was denominated in Euros and 1.3 (31st December, 2014: 0.8) percent was denominated in other currencies. 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.

## CAPITAL EXPENDITURE

The Group incurred capital expenditure of RMB1,055.3 million during the six months ended 30th June, 2015 (six months ended 30th June, 2014: RMB951.8 million), mainly for the acquisition of property, plant and equipment for capacity expansion.

## 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 has not entered nor will it enter into any derivative transactions for trading or speculative purposes.

## CHARGES ON GROUP ASSETS

Apart from bank deposits amounting to RMB0.03 million that were pledged to banks as at 30th June, 2015 (31st December, 2014: RMB4.0 million), no other Group assets were charged to any financial institutions.

## EMPLOYEE INFORMATION

As at 30th June, 2015, the Group employed 39,843 permanent employees, an increase from 32,172 as at 31st December, 2014, brought about by the Company's ongoing business development in the PRC and in other regions in Asia, especially for new projects in all product segments. 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, Vietnam, Philippines, USA and various countries in Europe.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROSPECTS

Building technology platforms for miniaturized solutions is always the paramount strategy of the Company. It enables us to extend our reach to different end applications found in all the different mobile devices. The overall percentage growth of smartphone sales is forecasted to be in the range of mid to low teens this year. As in the past, much attention is focused on delivery in the second half of the year which is the normal peak season for major product launches. While the global tablet market keeps downsizing, the debut launch of major wearables drew most market attention in the first half of 2015. Whichever devices gain market traction and dominate, the opportunity to provide technology hardware solutions to enable innovations is compelling. Our strong design and production capabilities, aligned with high automation and efficiency, backed by a consistent high level of investment in R&D, allow us to provide technology solutions that fit diverse needs and different applications.

AAC Technologies is well prepared for growth. We have a clear solutions roadmap and will stay focused on technology development to support mobile device makers improve and create new user experiences. The increasing adoption of upgraded acoustic solutions by Chinese and international customers has contributed to propelling growth. Haptics is the science of providing tactical sensations when users interact with smart devices. There has been rising use of haptics to make user experiences and interactions more realistic and responsive. This technology will be increasingly important to OEM manufacturers as they seek to differentiate their products and user experience.

During the six months ended 30th June, 2015, the Company completed the acquisition of WiSpry, a leader in high-performance tunable RF semiconductor products. WiSpry is a pioneer of RF MEMS solutions with products relating to antenna tuning for mobile devices. Advanced antenna tuning capabilities addressing LTE and carrier aggregation advancement will improve telecom operator efficiency with improved antenna performance in mobile devices. Integrating this antenna tuning technology into our full set of RF and mechanical structure design solutions will enhance our RF wireless capabilities.

The Company nurtures and safeguards intellectual assets proactively. As of 30th June, 2015, we have successfully obtained 112 additional patents, bringing our intellectual property portfolio to a total of 1,559 patents. In the same period, we filed another 147 patents pending, which brings us to a total of 340 patents pending. With our attention to customers, focused investment in R&D, good execution track record and effective cost control, AAC Technologies is well positioned for increased market competitiveness and 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 plans, medium to long-term business strategies 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 first half ended 30th June, 2015, a final dividend of HK\$0.71 per ordinary share for the year ended 31st December, 2014 (2013 final dividend: HK\$0.83 per ordinary share) was paid to shareholders of the Company. The higher final dividend for the year ended 31st December, 2013 was attributed to non-recurring contributions from the gain on deemed disposal of partial interest in an associate and gain on deemed disposal of an associate.

The Board has declared an interim dividend of HK\$0.25 (2014: HK\$0.25) per ordinary share in respect of the first half year of 2015. The interim dividend amount is the same amount as that of last year as it is a practice to maintain a stable fixed amount for the interim dividend, while adjusting the final dividend to take into account the full year's earnings. The interim dividend will be paid on or around Tuesday, 29th September, 2015 to shareholders whose names are on the register of members of the Company on Friday, 18th September, 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Monday, 14th September, 2015 to Friday, 18th September, 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30pm on Friday, 11th September, 2015. Shares of the Company will be traded ex-dividend as from Thursday, 10th September, 2015.

## FORWARD-LOOKING STATEMENTS

This interim report may contain certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this interim report of the Company; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.



# OTHER INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30th June, 2015, the beneficial interests of the Directors and chief executive in any shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register of interests 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 Issuers (the "Model Code") in Appendix 10 to the Listing Rules, were as follows:

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

Name of Directors	Capacity	Number of ordinary shares					Total number of shares	Percentage of the Company's issued share capital as at 30th June, 2015
		Personal interests	Joint interests	Corporate interests	Spouse interests	Other interests		
Mr. Benjamin Zhengmin Pan ("Mr. Pan") <sup>(1)</sup>	Beneficial owner/interest of child under 18 and spouse/interest of controlled corporation	69,512,565	-	51,439,440	262,820,525	111,545,122	495,317,652	40.34%
Ms. Ingrid Chunyuan Wu ("Ms. Wu") <sup>(2)</sup>	Beneficial owner/interest of child under 18 and spouse	262,820,525	-	-	120,952,005	111,545,122	495,317,652	40.34%
Mr. Koh Boon Hwee ("Mr. Koh")	Beneficial owner	795,562	-	-	-	-	795,562	0.06%
Mr. Mok Joe Kuen Richard ("Mr. Mok")	Beneficial owner	100,000	-	-	-	-	100,000	0.01%

### Notes:

- (1) Mr. Pan beneficially owns 69,512,565 shares. In addition, Mr. Pan is also deemed or taken to be interested in the following shares for the purpose of the SFO:
- (i) 51,439,440 shares which are beneficially owned by Silver Island Limited, a company wholly-owned by Mr. Pan;
  - (ii) 262,820,525 shares which are beneficially owned by Ms. Wu and as Ms. Wu is his spouse, he is deemed to be interested in such 262,820,525 shares; and
  - (iii) 111,545,122 shares representing the aggregate of (a) 106,806,278 shares which are deemed to be interested by Mr. Pan and Ms. Wu's descendants, as beneficiaries of the Pan 2005 Irrevocable Trust dated 10th May, 2005; and (b) 4,738,844 shares which are deemed to be interested by Mr. Pan and Ms. Wu's descendants, as beneficiaries of the Pan 2005 Exempt Trust dated 10th May, 2005. Two children of Mr. Pan and Ms. Wu are over the age of 18. Two children have no discretion over distributions or investments in their trusts until distribution is made to them.

# OTHER INFORMATION

- (2) Ms. Wu beneficially owns 262,820,525 shares. Ms. Wu is also deemed or taken to be interested in the following shares for the purpose of the SFO:
- (i) 120,952,005 shares representing the aggregate of (a) 51,439,440 shares which are beneficially owned by Silver Island Limited, a company wholly-owned by Mr. Pan; and (b) 69,512,565 shares which are beneficially owned by Mr. Pan and as Mr. Pan is her spouse, she is deemed to be interested in such 120,952,005 shares; and
  - (ii) 111,545,122 shares representing the aggregate of (a) 106,806,278 shares which are deemed to be interested by Mr. Pan and Ms. Wu's descendents, as beneficiaries of the Pan 2005 Irrevocable Trust dated 10th May, 2005; and (b) 4,738,844 shares which are deemed to be interested by Mr. Pan and Ms. Wu's descendents, as beneficiaries of the Pan 2005 Exempt Trust dated 10th May, 2005. Two children of Mr. Pan and Ms. Wu are over the age of 18. Two children have no discretion over distributions or investments in their trusts until distribution is made to them.

Other than as disclosed above, as at 30th June, 2015, none of the Directors, chief executive 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 as recorded in the register of interests required to be kept by the Company under Section 352 of the SFO.

## SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2015, the register of interests and short positions kept by the Company under Section 336 of the SFO, other than the Directors and chief executive as disclosed in the section headed "Directors' and Chief Executive's Interest in Shares and Underlying Shares and Debentures" above, showed that the following corporations or persons held interests or short position(s) in the Company's shares:

Name of shareholders	Capacity	Number of shares	Derivative interest	Percentage of the Company's issued share capital as at 30th June, 2015
JPMorgan Chase & Co. <sup>(1)</sup>	Beneficial owner/Investment manager/	205,743,348(L)	6,107,019(L)	16.75%
	Trustee/Custodian corporation/	15,736,000(S)	170,000(S)	1.28%
	Approved lending agent	46,014,934(P)	-	3.74%
The Capital Group Companies, Inc. <sup>(2)</sup>	Interest of controlled corporation	221,504,350(L)	-	18.04%
GIC Private Limited <sup>(3)</sup>	Investment manager	63,010,000(L)	-	5.13%

L – Long position

S – Short position

P – Lending pool

Notes:

- (1) JPMorgan Chase & Co., through its various 100% controlled corporations, and 49% and 99.99% controlled corporations (China International Fund Management Co Ltd and J.P. Morgan Securities plc respectively), is interested in (i) an aggregate of 205,743,348 shares and listed derivative interests of 596,120 shares and unlisted derivative interests of 5,510,899 shares with physically settled in long position; and (ii) an aggregate of 15,736,000 shares and listed derivative interests of 170,000 shares with cash settled in short position. Among them, 111,545,122 shares held by J.P. Morgan Trust Company of Delaware as a trustee representing the same batch of other interests of Mr. Pan and Ms. Wu as disclosed in the section headed "Directors' and Chief Executive's Interest in Shares and Underlying Shares and Debentures" above.

In addition to the above, JPMorgan Chase & Co. is also interested in 46,014,934 shares in 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) 221,504,350 shares in long position comprise 220,474,850 shares held by Capital Research and Management Company and 1,029,500 shares held by Capital International, Inc.. By virtue of Capital Group International, Inc.'s 100% interest in Capital International, Inc., Capital Research and Management Company's 100% interest in Capital Group International, Inc., each of Capital Group International, Inc. and Capital Research and Management Company is deemed to be interested in 1,029,500 shares held by Capital International, Inc.. And by virtue of The Capital Group Companies, Inc.'s 100% interest in Capital Research and Management Company, The Capital Group Companies, Inc. is deemed to be interested in 221,504,350 shares held directly and indirectly by Capital Research and Management Company.
- (3) GIC Private Limited is interested in an aggregate of 63,010,000 shares settled in long position.

Save as the interests and short positions disclosed above, as at 30th June, 2015, so far as was known to any Directors of the Company, no other persons had an interest or short position in the shares, equity derivatives, underlying shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and/or their interests were recorded under Section 336 of the SFO or, who were 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.

### SHARE OPTION SCHEME

The Company approved and adopted a share option scheme (the "SO Scheme") on 15th July, 2005, which will expire at its tenth anniversary. Details of the SO Scheme are set out in the 2014 annual report of the Company. The Company has not granted any option under the SO Scheme since its adoption. A total number of 124,800,000 shares (representing 10% of the issued share capital of the Company as at the date of adoption of the SO Scheme and 10.16% of the existing issued shares capital of the Company as at the date of this report and the date of the 2014 annual report of the Company) might be issued upon exercise of all options which might be granted under the SO Scheme as at the said dates. On 15th July, 2015, the SO Scheme expired.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company or their close associates (as defined under the Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th June, 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.



# OTHER INFORMATION

## CORPORATE GOVERNANCE

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

Our Board of Directors is at the centre of our corporate governance structure regularly reviewing, refining and overseeing enforcement of the Company's corporate governance practices. A more comprehensive corporate governance overview covering the following key components of the Company's governance framework is available on the Company's website [www.aactechnologies.com](http://www.aactechnologies.com):

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

For the six months ended 30th June, 2015, the Company met the Code Provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules ("CG 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 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.

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 six months ended 30th June, 2015.

## CHANGE IN DIRECTORS' INFORMATION DISCLOSED UNDER RULE 13.51B(1) OF THE LISTING RULES

Change in Directors' information since the date of the 2014 annual report of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

The basic salary of Mr. Pan, an executive Director and CEO of the Company, has been increased from USD635,000 to USD700,000 per annum with effect from 1st July, 2015.

Save as disclosed above, the Directors are not aware of any other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2014 annual report of the Company.

# OTHER INFORMATION

## BOARD COMMITTEES

The Board has established separate Board Committees with defined terms of reference to assist the full Board in discharging its governance and other responsibilities, particularly over proper financial reporting and disclosure; internal control and risk management; size, structure and diversity of the Board; and remuneration of Directors and senior management.

### **Audit Committee**

The audit committee (the "Audit Committee") was established in April 2005 and is currently chaired by Mr. Poon Chung Yin Joseph (an independent non-executive Director) with two other members, Mr. Koh (Chairman of the Board and an independent non-executive Director) and Ms. Wu (a non-executive Director). Its terms of reference, including its duties, has been published on the websites of the Stock Exchange and the Company.

The Audit Committee's responsibilities include the oversight of the integrity of the Company's financial statements and of the Company's risk management and internal control systems. The Audit Committee needs to oversee management while ensuring that it does not step into the management's role. The Audit Committee relies on management's assessment of key risks and mitigating controls at each major operating unit and on internal audit to provide an objective view on how effectively the risk assessments and controls are operating. The external auditor also provide the Audit Committee with assurance regarding the Company's financial reporting and any material weaknesses in internal control and risk management that they might come across as part of their review considered relevant to the audit.

The Audit Committee oversees the relationship and coordination between the Company, internal auditor and external auditor.

Adopting a recommended best practice in the CG Code, the Company, since the first date of listing, has been announcing and publishing quarterly financial results. It is believed that shareholders would be better informed about the performance and business progress of the Company with quarterly reporting. And as such, the Audit Committee is involved in the review of the quarterly, half-yearly and annual results. It meets at least four times a year and whenever required, and meets the external auditor at least twice a year, in the absence of management at least once a year.

The Audit Committee and the external auditor of the Company, Deloitte Touche Tohmatsu, have reviewed and discussed with the management the Company's unaudited condensed consolidated financial statements for the six months ended 30th June, 2015. The Audit Committee and the Board have also reviewed this interim report.

### **Nomination Committee**

The nomination committee of the Company (the "Nomination Committee") was established in April 2005 and is currently chaired by Dato' Tan Bian Ee (an independent non-executive Director) with two other members, Mr. Poon Chung Yin Joseph (an independent non-executive Director) and Ms. Chang Carmen I-Hua (an independent non-executive Director). Its terms of reference, including its duties, has been published on the websites of the Stock Exchange and the Company.

The Nomination Committee is responsible for reviewing, advising and making recommendations to the Board on matters in relation to the structure, size and diversity of the Board, the appointment and re-appointment of Directors and the assessment on independence of independent non-executive Directors, and ensuring the proper and transparent procedures for the appointment and re-appointment of Directors.

The current practice to appoint new Directors falls on the Nomination Committee to identify, assess and nominate suitable candidates, including those proposed by the shareholders, by considering their knowledge, skill and experience, and all valid nomination of candidates, accompanied with details of their biographical backgrounds, would be presented to the Board for consideration as soon as practicable. Consideration would be given to factors such as the candidate's integrity, experience and qualifications relevant to the Company's business. It is believed that members of the Nomination Committee collectively would have required relevant knowledge and skills to identify, invite and evaluate qualifications of nominated candidates for directorship.

During the six months ended 30th June, 2015, there was no change in the directorship of the Company and the composition of the Board.

# OTHER INFORMATION

## Board Diversity Policy

The Board's composition under diversified perspectives was summarized as follows:

1.	Designation	Executive Director (2)		Non-executive Director (1)
		Independent Non-executive Director (4)		
2.	Gender	Male (5)		Female (2)
3.	Nationality	Australia (1)		British (1)
		Singapore (3)		USA (2)
4.	Age group	61-70 (3)	51-60 (2)	40-50 (2)
5.	Length of service (year)	6-10 (4)		1-5 (3)
6.	Skills, knowledge and professional experience <sup>Note 1</sup>	Investment (5)		Management & Commercial (5)
		Technologies & Manufacturing (4)		Accounting & Finance (4)
		Investor Relations (4)		Banking (2)
		Human Resources (2)		Legal (1)
7.	Academic background	University (5)		

Notes:

- (1) Directors may possess multiple skills, knowledge and professional experience.
- (2) The numbers in brackets refer to the number of Directors under the relevant category.

## Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established in April 2005 and is chaired by Mr. Koh (Chairman of the Board and an independent non-executive Director) with two other members, Dato' Tan Bian Ee (an independent non-executive Director) and Ms. Chang Carmen I-Hua (an independent non-executive Director). Its terms of reference, including its duties, has been published on the websites of the Stock Exchange and the Company.

The responsibilities of the Remuneration Committee are to advise the Board in relation to the remuneration policy and structure of the executive Directors and senior management, and to review the fees and remuneration of the Chairman and other non-executive Directors prior to the annual general meeting. In addition, the Remuneration Committee considers management recommendation for key terms of new compensation and benefits plans and reviews management's remuneration proposals with reference to the Board's corporate goals and objectives.

On behalf of the Board  
**AAC Technologies Holdings Inc.**  
**Koh Boon Hwee**  
*Chairman*

Hong Kong, 24th August, 2015



**瑞聲科技控股有限公司**  
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