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瑞聲科技控股有限公司
AAC TECHNOLOGIES HOLDINGS INC.
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 02018)

CLARIFICATION ANNOUNCEMENT
AND
RESUMPTION OF TRADING

The Company denies all the allegations made against the Company in the Gotham's May 18 Report.

Having reviewed (i) the Gotham's May 18 Report, (ii) the internal review conducted by the Company; and (iii) the findings of the External Reviewer which had been reviewed by the Special Committee, the Board is of the opinion that the allegations made against the Company in the Gotham's May 18 Report are groundless, false or misleading.

The Company believes that:

1. Gotham, serving its own purpose, has unjustifiably and without basis made use of entities (a) with shareholders sharing the same surname as the CEO, (b) with a shareholder sharing the same name as the CEO's sister, or (c) alleged co-located at the same address as that of the Company, based on false website information, while official public records show a completely different address, to make false allegations that these entities are Related Parties of the Company.
2. Gotham, serving its own purpose, created confusions of alleged related parties, while the Company has already disclosed the transactions between the Group and two of its Related Parties in the Company's annual reports or announcement(s).
3. Gotham, serving its own purpose, had made allegations based on (a) false website information, not operated or authorized by the Company or by the suppliers of the Company, (b) misleadingly used official public records and invalid filings, and (c) an incorrect understanding by Gotham of the relevant identification and definitions of related party and disclosure requirements under the relevant Accounting Standard.
4. Gotham has a complete lack of professional understanding of the operating business model of the Company and the industry.

The Board is assured of the integrity of the Company's financial reporting system and that unqualified audit opinions have been issued by Deloitte since the listing of the shares of the Company in 2005.

In view of the allegations made, the Company has established a Special Committee comprising all independent non-executive directors of the Company. The Special Committee has appointed the External Reviewer to conduct an independent review in view of the allegations contained in the Gotham's May 18 Report. The External Reviewer has reviewed selected Focused Entities named in the Gotham's May 18 Report and nothing has come to the External Reviewer's attention that the Focused Entities are Related Parties of the Company or that the transactions were made on non-arm's length terms.

The Company would adopt all reasonable measures to protect the interests of its shareholders, including share repurchase by the Company.

The Company has applied to the Stock Exchange for resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on Wednesday, 7 June 2017.

This announcement is made by AAC Technologies Holdings Inc. (the "Company", together with its subsidiaries, the "Group") pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")), under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Law of Hong Kong) (the "SFO") and Rule 13.09 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 18 May 2017 relating to trading halt of the shares of the Company (the "Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the holding announcement of the Company dated 19 May 2017 and the further holding announcement and clarification of the Company dated 2 June 2017 (the "Holding and Clarification Announcement") relating to the Gotham's May 18 Report issued by Gotham City Research LLC ("Gotham"). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the aforesaid announcements of the Company.

Further to the Holding and Clarification Announcement, this announcement is to deny and refute the allegations made against the Company in the Gotham's May 18 Report issued by Gotham.

Gotham has disclosed its net short interest in the securities of the Company in the Gotham's May 18 Report and therefore may realize significant gains if the price of the Shares declines. The Board would like to emphasize that shareholders of the Company (the "Shareholders") and potential investors should exercise extreme caution in reading the Gotham's May 18 Report and, if any, future reports that Gotham may distribute.

The Board and the senior management of the Company had not been contacted nor interviewed by Gotham to verify any information mentioned in the Gotham's May 18 Report.

In view of the allegations made, the Company has established a special committee (“**Special Committee**”) comprising all independent non-executive directors of the Company. The Special Committee has appointed Grant Thornton Advisory Services Limited (the “**External Reviewer**”) to conduct independent review in view of the allegations contained in the Gotham’s May 18 Report. The External Reviewer has reviewed selected group of two suppliers and one sales distributor (the “**Focused Entities**”) in the Gotham’s May 18 Report and nothing has come to External Reviewer’s attention that the Focused Entities are Related Parties of the Company or that the transactions were made on non-arm’s length terms.

The Board is assured of the integrity of the Company’s financial reporting system and that unqualified audit opinions have been issued by the auditors since the listing of the shares of the Company in 2005.

Having reviewed (i) the Gotham’s May 18 Report, (ii) the internal review conducted by the Company; and (iii) the findings of the External Reviewer which had been reviewed by the Special Committee, the Board is of the opinion that the allegations made against the Company in the May 18 Report are groundless, false or misleading.

PROTECTING THE INTERESTS OF THE COMPANY AND ITS SHAREHOLDERS

In view of the potential damage to the Company, the Company has reported the matter to the relevant law enforcement authorities in the PRC for investigation and to take legal actions against any potential wrongdoers and is in progress of taking all necessary actions, including without limitations, instituting such legal proceedings against such entity(ies) or associated individual(s) responsible for the Gotham’s May 18 Report.

The Company would adopt all reasonable measures to protect the interests of its shareholders, including share repurchase by the Company.

CLARIFICATIONS

1. Allegations relating to undisclosed related parties

The Gotham’s May 18 Report alleged that the Company has used 23 undisclosed related parties to overstate and smoothen the Company’s gross margins since 2014, and such related parties ought to have been (but were not) reflected as related parties in the Company’s audited financial statements.

For the purpose of this announcement, related party transactions means transactions between any member of the Group and a related party, as defined under the International Accounting Standard 24 *Related Parties Disclosures* (“**Accounting Standard**”) adopted by the Company and must be disclosed in the Company’s audited financial statements in compliance with the aforesaid Accounting Standard; and “**Related Party**” means related party as defined under the Accounting Standard; and “**Related Party(ies)**” shall be construed accordingly.

- A. *The Company believes that Gotham, serving its own purpose, has unjustifiably and without basis made use of the entities in Table A below: (a) with shareholders sharing the same surname as the CEO (Entities No. 1 – 5), (b) with a shareholder sharing the same name as the CEO’s sister (Entity No. 6), or (c) alleged co-located at the same address as that of the Company (Entity No.7), based on false website information, while official public records show a completely different address, to make false allegations that these entities are Related Parties of the Company. These entities have never had any transactions with the Group. The Company believes that Gotham did not conduct proper verification of the factual basis before making such allegations.*

Table A

No.	Name of alleged entities in the Gotham’s May 18 Report	Chinese Entity Name	
1.	WuJing TianMa	常州市武進天馬微電機有限公司	Never had transaction with the Group
2.	WuJin Temple Packaging	常州市武進廟橋萬佳包裝有限公司	Never had transaction with the Group
3.	LiBeiTe Special Materials	江蘇力倍特種材料有限公司	Never had transaction with the Group
4.	JinLi Packaging	常州市進力特吸塑包裝有限公司	Never had transaction with the Group
5.	WuJin Temple Colored Metals	常州市武進廟橋有色金屬鑄件有限公司	Never had transaction with the Group
6.	NingBo NengJie Electronics	寧波市能捷電子有限公司	Never had transaction with the Group
7.	SuQian JinLong	宿遷京龍電子科技有限公司	Never had transaction with the Group

- B. *The Company believes that Gotham, serving its own purpose, did not conduct thorough and proper research to draw its allegations, and, that the Company has disclosed the transactions between the Group and its Related Parties in the Company’s annual reports or announcement(s).***

The Related Party relationships and transactions between the Group and the two entities listed in Table B below have already been disclosed in the published Company’s financial statements of the Company’s annual reports. In addition, summarised financial information of Entity No. 2 in Table B below is included and disclosed in the consolidated financial statements of the Group in the annual report of the Company for the financial year ended 31 December 2016 (the “**2016 Financial Year**”).

Table B*

No.	Name of alleged entity in the Gotham’s May 18 Report	Chinese Company Name	Transaction amounts with the Group for the 2016 Financial Year (round up, RMB million)
1.	WuJin Special Electronics**	常州市武進特種電子器材有限公司	Nil
2.	RuiSheng New Resources	瑞聲新能源發展(常州)有限公司	6.4

* Deloitte has confirmed that the information in Table B above is in agreement with the books and records of the Group

** The Group has no transactions with this entity since 2009

C. The Company believes that the allegations in the Gotham's May 18 Report are based on false website information, not operated or authorized by the Company or by the suppliers of the Company, misleadingly used official public records and invalid filings, and premised on an incorrect understanding by Gotham of the relevant identification and definitions of related party and disclosure requirements under the relevant Accounting Standard.

14 entities listed in Table C below (of which, Entity No. 1 has never had any transaction with the Group; Entities No. 2 to 13, being former or current suppliers of the Group; and Entity 14 being a sales distributor of the Group).

Table C*

No.	Name of alleged entity in the Gotham's May 18 Report	Chinese Company Name	Transaction Amounts with the Group for the 2016 Financial Year (round up, RMB million) <i>(Note)</i>	Approximate % of Total costs of goods sold for Entities No.2-13 and Total sales revenue of the Group for Entity No.14
Not supplier or sales distributor				
1.	JiangSu Boruitong**	江蘇博瑞通磁業有限公司	No transactions at all	N/A
Suppliers				
2.	LianTai Precision	連泰精密科技江蘇有限公司	106	1.2%
3.	Shuyang LiSheng	沅陽麗聲電子有限公司	134	1.5%
4.	SuQian QiXiang	宿遷啟祥電子科技有限公司	49	0.5%
5.	ChangZhou LiSheng	常州麗聲科技有限公司	33	0.4%
6.	DongGuan RuiSheng Electronics	東莞市瑞昇電子有限公司	0.1	0%
7.	HeSheng Precision	江蘇和聲精密科技有限公司	No transactions at all	N/A
8.	YangTai Electronics	常州市祥泰電子有限公司	No transactions at all	N/A
9.	HuaZhao Electronics	常州市華兆電子有限公司	No transactions at all	N/A
10.	ChangZhou RuiNan	常州瑞南電子有限公司	No transactions at all	N/A
11.	ZhongBeiTong Magnetic Materials	瀋陽中北通磁科技股份有限公司	72	0.8%
12.	GangSheng Packaging	常州市港盛包裝材料有限公司	39	0.4%
13.	Hao Han Electronics	常州市皓涵電子有限公司	7	0.1%
Total (materials purchase amounts and subcontracting fees)			440	4.9%
Sales distributor				
14.	XuanYingTong Electronics	深圳市軒盈通電子有限公司	573	3.7%
Total (sales revenue)			573	3.7%

* Deloitte has confirmed that amount or percentage in Table C above is in agreement with, or has been properly calculated, based on the books and records of the Group.

** The Group has never had any transactions with this entity

Note: "Transaction Amounts" for the purpose of illustration in Table C above, means (i) the purchase amounts related to materials or subcontracting fees paid by the Group to Entities No. 2 -13; or (ii) the sales revenue received by the Group from Entity No.14, during the 2016 Financial Year.

- (1) The “alleged uncle” of CEO in the Gotham’s May 18 Report is, as confirmed by the CEO, the son of the brother of the CEO’s maternal grandmother. Transactions with entities related to this said person are on arm’s length basis and entities related to him are not Related Parties. Further, the Company understands that this said person has been in this industry for over 20 years.
- (2) The “alleged assistant” of the CEO or chairman of the Company in the Gotham’s May 18 Report is fabricated. Based on the Company’s records, this said person has never been an employee of any member of the Group.
- (3) The “alleged high-level executive” of certain subsidiaries of the Company, has since 2008 ceased to be an employee of the Group.
- (4) The “alleged dealings with a company owned by a company executive” are incorrect. The shareholder of HuaZhao Electronics (Entity No. 9) joined the Company in November 2014 and the Company has not had any business dealings with such entity since June 2014 when the Company ceased to produce the related product line.
- (5) The “general manager of Lian Tai Precision” (Entity No. 2) claimed to represent the Company while attending a school-enterprise event. The Company had no knowledge of the event and did not provide authorization to the “general manager of Lian Tai Precision” to make such claim.

As such, all of persons stated in the paragraphs (1) – (5) above and those entities shown in Table C above in which such person(s) was/were respectively involved are not Related Parties of the Company under the Accounting Standard.

- (6) The Board has reviewed and is satisfied that those alleged entities whose interests were directly or indirectly held by the CEO’s mother-in-law or sister-in-law, do not fall under the Related Parties disclosure requirements under the Accounting Standard. In particular, for “瀋陽中北通磁科技股份有限公司” (“ZBT”) (Entity No. 11), the Company believes that Gotham, serving its own purpose, has purposely used inaccurate information and filings made by ZBT on 29 February 2016, which is a listed company on the New Over the Counter Market in the PRC (“中國新三板上市”), and disregarded the updated and correct public information which ZBT subsequent filed on 15 March 2016 to amend the error.

In addition, the Board wishes to confirm as follows:

- (i) Deloitte Touche Tohmatsu (“Deloitte”) has opined on 22 March 2017 that the Group’s financial statements for the 2016 Financial Year as disclosed in the Company’s 2016 annual report have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance (Cap. 622).

- (ii) The Special Committee has appointed the External Reviewer to conduct an independent review. The External Reviewer has carried out a review of the Focused Entities as included in Table C and has reported that nothing has come to its attention the Focused Entities were Related Parties of the Company.
- (iii) The transactions between the Group and the entities listed in Table C above were entered into for commercial reasons and were conducted on normal arm's length terms. The External Reviewer has reported, based on their review of a selection of transactions with the Focused Entities listed in Table C that nothing comes to its attention the selected transactions were conducted on non-valid commercial grounds and that the pricing was comparable with other selected transactions made with the Group's other suppliers and customers.

As stated in Table C above, according to the Company's books and records, the total purchase amounts related to materials or subcontracting fees paid by the Group to the relevant entities in Table C and the sales revenue received by the Group from the sales distributor stated in Table C were in the region of approximately RMB440 million and RMB573 million, respectively, which accounted for approximately 4.9% of the costs of goods sold and approximately 3.7% of the sales of the Group for the 2016 Financial Year, respectively.

D. Furthermore, some allegations of entities as Related Parties of the Company were based on multiple false websites information, stated on pages 14, 15, 19, 20, 22 and 31 in the Gotham's May 18 Report. Such false and incorrect information were all not operated or authorized by the Company or by the suppliers of the Company, which demonstrates that Gotham was more than unprofessional and careless in creating such misleading allegations.

2. BUSINESS MODEL OF THE COMPANY

The Company has always focused on the development of technology platforms that provide new and enriched user experiences to consolidate and expand the Company's leadership in the industry. In order to achieve the market's requirements, the Company has made continuous investment in production automation and integration with the corresponding manufacturing technology, to enable leading-class production quality, yield and efficiency.

Gotham seems to be unaware of the development of the technology industry and the different technology segments which the Company operates in, and ignored the Company's efforts in raising production efficiency and technology diversification progress already achieved. When making comparisons among the Company and other industry players, Gotham had not analysed the factors of product portfolios variations, market positions, core technologies and economy of scale, all of which will lead to differentiation of financial performances between industry players.

The Company believes that the incomplete analyses and the irrelevant comparisons demonstrated Gotham's complete lack of professional understanding of the operating business model of the Company and the industry.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 3:17 p.m. on 18 May 2017 pending release of this announcement. The Company has applied to the Stock Exchange for resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on Wednesday, 7 June 2017.

Save as stated in this announcement and having made such reasonable enquiry, the Company confirms that it is not aware of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the SFO.

Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 6 June 2017

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Benjamin Zhengmin Pan and Mr. Mok Joe Kuen Richard; a non-executive Director, namely Ms. Ingrid Chunyuan Wu; and four independent non-executive Directors, namely Mr. Koh Boon Hwee, Mr. Poon Chung Yin Joseph, Dato' Tan Bian Ee and Ms. Chang Carmen I-Hua.