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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)

CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 14 May 2008 in which it was respectively stated that, among other things:

- (1) the Group and HGCI entered into the HGCI Agreements for the purchase of packaging and stamping materials from HGCI by the Group;
- (2) the Group and Suzhou Xinkai entered into the Suzhou Xinkai Agreements for the purchase of self-adhesive printing materials and plastic components used in the manufacturing process from Suzhou Xinkai by the Group; and
- (3) the Group and Changzhou Model entered into the Changzhou Model Agreements for the purchase of processed supplement materials used in the manufacturing process (e.g. models and stamping components of acoustic products) from Changzhou Model by the Group.

On 20 December 2008, AAC Changzhou, a wholly owned subsidiary of the Company, and Changzhou Yousheng, entered into the Yousheng Agreement, pursuant to which AAC Changzhou has agreed to purchase parts such as domes, ear cushions, insulation mats and resistance neeb for use in acoustic components from Changzhou Yousheng.

Changzhou Yousheng is owned as to 30% by Pan's Mother and 70% by Pan's Sister, respectively. Pursuant to Rule 14A.11(4)(b) of the Listing Rules, both Pan's Mother and Pan's Sister are associates of Mr. Pan; and therefore connected persons of the Company. As Pan's Mother and Pan's Sister together own the entire shareholding of Changzhou Yousheng, Changzhou Yousheng is also considered to be a connected person of the Company. Accordingly, the Yousheng Agreement constitutes a continuing connected transaction of the Company.

As the Previous Continuing Connected Transactions and the Yousheng Agreement were entered into between the Group and companies majority or wholly owned by connected persons of the Company who are associated with one another; and the transactions thereunder

are similar in nature, they are aggregated pursuant to Rule 14A.25 of the Listing Rules.

As each of the applicable percentage ratios in relation to the Yousheng Agreement, on its own or when aggregated with the Previous Continuing Connected Transactions, and calculated in accordance with Rule 14.07 of the Listing Rules is less than 2.5% on an annual basis, the Yousheng Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

Reference is made to the announcement of the Company dated 14 May 2008. Capitalized terms and expressions used herein shall have the same meanings as those defined in such announcement unless otherwise defined.

SUZHOU XINKAI AGREEMENT

Background

Reference is made to the announcement of the Company dated 14 May 2008 in which it was announced that, among other things, the Group and Suzhou Xinkai entered into the Suzhou Xinkai Agreements for the purchase of self-adhesive printing materials and plastic components used in the manufacturing process from Suzhou Xinkai by the Group.

The Board plans to source and purchase all the self-adhesive printing materials and plastic components to be used in the Group's manufacturing process from other suppliers in the year ending 31 December 2010. The Group has not made any purchase from Suzhou Xinkai pursuant to the Suzhou Xinkai Agreements during the two months ended 28 February 2010. The Board currently does not expect to make any purchase from Suzhou Xinkai under the Suzhou Xinkai Agreements for the year ending 31 December 2010.

YOUSHENG AGREEMENT

On 20 December 2008, AAC Changzhou and Changzhou Yousheng entered into the Yousheng Agreement, particulars of which are as follows:

Date

20 December 2008

Parties

Purchaser : AAC Changzhou

Vendor : Changzhou Yousheng

Major terms

AAC Changzhou may, during the term of the Yousheng Agreement, place order for parts such as domes, ear cushions, insulation mats, resistance neeb for use in acoustic components.

Major terms including the model, quantity, price per unit, date of delivery and place of delivery of the relevant products shall be provided by AAC Changzhou in the order.

The purchase prices for the relevant materials under the Yousheng Agreement are determined by the parties on arm's length basis and with reference to the prevailing market rates. AAC Changzhou, as a regular best-practiced purchasing procedure, obtains price quotations from other suppliers in the market to ensure that it obtains the most competitive market price. After receiving invoice, AAC Changzhou shall pay the relevant purchase price within 30 days upon the end of the month in which it receives such invoice.

The Yousheng Agreement is for a term of one year commencing from the date the Yousheng Agreement is sealed and executed by the legal representative/authorized person of both parties thereto. It shall be automatically renewed unless one party thereto terminates it by giving the other party a written notice of 30 days before the end of the term, provided that the aggregate period for the Yousheng Agreement shall not exceed three years from 20 December 2008.

Annual Cap

For the year ended 31 December 2009, the aggregate annual purchase amounts under the Yousheng Agreement were approximately RMB477,000 (equivalent to approximately HK\$541,395). The Group had not made any purchase from Changzhou Yousheng under the Yousheng Agreement for the year ended 31 December 2008.

The aggregate value of the transactions under the Yousheng Agreement for the two months ended 28 February 2010 amounted to approximately RMB1,594,000 (equivalent to approximately HK\$1,809,190).

The Board expects the annual purchase amounts under the Yousheng Agreement will not exceed RMB13,500,000 (equivalent to approximately HK\$15,322,500), which is determined with reference to the historical values of the same transaction and the expected level of purchases by AAC Changzhou or the Company's subsidiaries for their production needs.

REASONS FOR AND BENEFITS OF ENTERING INTO THE YOUSHENG AGREEMENT

The Directors believe that the entering into of the Yousheng Agreement facilitates the operation of the Group as the relevant materials purchased and/or to be purchased by the Group from Changzhou Yousheng are essential to the production of the Group's products. In addition, the Directors believe that the entering into of the Yousheng Agreement would allow the Group to continue its production activities at such locations which are located in close proximity to other facilities of the Group, to enlarge the base of suppliers for such parts and to enable diversified pricing comparison. As such, the Directors (including independent non-executive Directors) consider that the entering into of the Yousheng Agreement is beneficial to the overall business and operation of the Group.

The Directors (including independent non-executive Directors) confirm that the transactions contemplated under the Yousheng Agreement are on normal commercial terms and in the ordinary course of business of the Company; and the terms of such transactions are fair and reasonable and in the interest of the Company and its shareholders as a whole.

CONNECTED PERSONS

Changzhou Yousheng is owned as to 30% by Pan's Mother and 70% by Pan's Sister, respectively. Pursuant to Rule 14A.11(4)(b) of the Listing Rules, both Pan's Mother and Pan's Sister are associates of Mr. Pan; and therefore connected persons of the Company. As Pan's Mother and Pan's Sister together own the entire shareholding of Changzhou Yousheng, Changzhou Yousheng is also considered to be a connected person of the Company. Accordingly, the Yousheng Agreement constitutes a continuing connected transaction of the Company.

LISTING RULES IMPLICATIONS

As the Previous Continuing Connected Transactions and the Yousheng Agreement were entered into between the Group and companies majority or wholly owned by connected persons of the Company who are associated with one another; and the transactions thereunder are similar in nature, they are aggregated pursuant to Rule 14A.25 of the Listing Rules.

As each of the applicable percentage ratios in relation to the Yousheng Agreement, on its own or when aggregated with the Previous Continuing Connected Transactions, and calculated in accordance with Rule 14.07 of the Listing Rules is less than 2.5% on an annual basis, the Yousheng Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

DELAY IN DISCLOSURE

Due to an inadvertent oversight by the Company, it did not discover that the transactions under the Yousheng Agreement should be aggregated with the Previous Continuing Connected Transactions, and should thus be subject to the reporting and announcement requirements under the Listing Rules. As soon as the Board realized such inadvertent oversight, the Company immediately took steps to arrange for the publication of this announcement in order to comply with the relevant requirements under the Listing Rules. The Board considers the impact of such delay in disclosure is limited as the transactions under the Yousheng Agreement are not expected to significantly change the Group's business operation. More importantly, such transactions do not in the Board's view constitute price sensitive information of the Company and, when aggregated with the Previous Continuing Connected Transactions, are not subject to independent shareholders' approval under the Listing Rules.

GENERAL

The Group is principally engaged in the design and production of miniature acoustic components, which are used in mobile phone headsets, MP3 players, MP4 players and other consumer handheld devices.

Changzhou Yousheng is principally engaged in the research and development, manufacture and sale of electronic components, solar power components, sports equipment and crafts and the importation and exportation of the relevant products and technologies in the PRC.

DEFINITIONS

In this announcement, the following expressions shall have the respective meanings set opposite thereto:

"Changzhou Yousheng"	Changzhou Yousheng Electronics Co., Ltd.* (常州市友晟電子有限公司), a company incorporated in the PRC
"Company"	AAC Acoustic Technologies Holdings Inc., a company incorporated in the Cayman Islands as an exempted company with limited liability on 4 December 2003 whose shares are listed on the Stock Exchange
"Pan's Sister"	Ms. Pan Lijun, sister of Mr. Pan
"Previous Continuing Connected Transactions"	the transactions under the HGCJ Agreements, the Suzhou Xinkai Agreements and the Changzhou Model Agreements
"Yousheng Agreement"	the agreement dated 20 December 2008 entered into between AAC Changzhou and Changzhou Yousheng for the purchase of parts such as domes, ear cushions, insulation mats and resistance neeb for use in acoustic components from Changzhou Yousheng by the Group

For illustrative purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1=HK\$1.135.

**For identification purpose only*

By Order of the Board
AAC Acoustic Technologies Holdings Inc.
Mok Joe Kuen Richard
Executive Director

Hong Kong, 9th April 2010

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