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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)

RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2018

The board (the “**Board**”) of directors (the “**Director(s)**”) of AAC Technologies Holdings Inc. (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 31 March 2018 (the “**Unaudited Quarterly Results**”) together with the comparative figures for the corresponding period in 2017.

The Unaudited Quarterly Results have been reviewed by the Company’s audit and risk committee and approved by the Board today.

2018 FIRST QUARTER HIGHLIGHTS (UNAUDITED)

- The Group reported strong year-on-year revenue and net profit growth of 10% and 6% respectively, amidst a weak supply-chain quarter. Overall, basic earnings per share increased by 7% year-on-year;
- In this quarter, the currency mix of revenue and the 7.5% year-on-year RMB appreciation, together with a change in products mix, caused a 3.6% point decline in gross profit margin. Mitigated by fair value gain on investment and favorable taxation, net profit margin for the quarter stood at 24.3%;
- Driven by the new SLS platform along with the acoustic specs upgrade cycle, Q1 2018 revenue for the acoustics segment increased 27% year-on-year;
- In optics, plastic lens made remarkable contribution to Q1 2018 revenue. Production efficiency of plastic lens continued to improve as capacity expanded. The industry also sees acceleration of adopting hybrid lens designs in the new models based on innovative performance of WLG hybrid lens solutions. The Group is considering further expansion on production capacities for both plastic lens and WLG; and
- The Group’s increased penetration in Android smartphones continued: acoustics, haptics, RF/Mechanical and optics for the Android platform, all reported sales growth on a year-on-year basis.

<i>(RMB Million)</i>	1Q 2018	1Q 2017	<i>YoY%</i>
Revenue	4,638	4,215	+10%
Gross Profit	1,764	1,754	+1%
<i>Gross Profit Margin</i>	38.0%	41.6%	-3.6 ppt
Net Profit	1,126	1,062	+6%
<i>Net Profit Margin</i>	24.3%	25.2%	-0.9 ppt
Basic EPS (RMB)	0.92	0.86	+7%
Number of Shares (Weighted average, million)	1,222	1,228	

BUSINESS REVIEW

In the first quarter of 2018 (“**Q1 2018**”), the smartphone industry appeared to be in a stagnant phase. Nevertheless, leveraging on an emerging acoustic upgrade cycle, the Company continued to report record high in both sales and earnings for Q1 2018. Overall revenue and net profit for Q1 2018, year-on-year, grew 10% to RMB4,638 million and 6% to RMB1,126 million, respectively. An unfavorable 7.5% Renminbi appreciation in Q1 2018 over the comparable quarter of 2017, together with a change in products mix, caused a drop of 3.6% points on a year-on-year basis in gross profit margin. However, the impact on net profit margin was mitigated by fair value gain of the Company’s investment and reductions in taxation. Net profit margin declined slightly by 0.9% points to 24.3%. Overall, the Company reported a 7% increase in basic earnings per share for the quarter to RMB0.92 per share.

The recent trade frictions between US and China have not caused much impact on its business operations. The Company will continue to monitor any new developments as well as any implications which might have on the Company’s business operations. The business segments of the Company have been making good progress and the major developments in each of the segments are as follows:

- In acoustics, the new design platform, Super Linear Structure (“**SLS**”), adopted by customers in their new flagship models, has commenced product shipments. In this segment, revenue increased by 27% year-on-year. It is expected that SLS will continue to penetrate in other upcoming flagship models during 2018. The Company has also commenced product demonstrations for smart speakers, AR/VR and automotive industry markets.

- In optics, development progress of hybrid lens encrypted with wafer level glass (“WLG”) is on track. At present, the Company has a production plan of 5 million sets per month. The unique optical properties and advantageous form-factors of our WLG hybrid lens solutions for different sensing designs and imaging applications continue to receive wide positive interests in the smartphone supply chain ecosystem. The Company is also preparing hybrid lens design solutions for other markets such as automotive industry. For Q1 2018, sales of plastic lens already accounted for a single digit percentage of the total revenue. The Company will continue to prepare production expansion for both plastic lens, current production capacity at 20 million sets per month, and WLG for hybrid lens solutions to meet market’s increasing demand.
- In haptics segment, there is a marked trend of Android smartphones adopting advanced haptic solutions for better design and user experience such as gaming applications. The Company believes that its advanced solutions, including the X-axis actuators and the customized software designs, will see higher penetration in Android smartphones throughout the year 2018.
- In RF/Mechanical segment, the Company continues to provide metallic casing and RF solutions for more high-end and mid-range Android models. The focus on raising automation level will enhance production efficiency and further improve production yield. It is anticipated that orders for metallic structure solutions will continue to increase deriving from an established customer base of the first-tier Android brands, and, correspondingly, optimizing utilization of the CNC machinery in Q2 2018. 3D rear cover glass solutions, in mass production and shipment since Q3 2017, grew significantly in this quarter and successfully penetrated into first-tier Android brands. Further business growth in 2019 is expected as market adoption grows.
- In MEMS components, sales growth momentum continued in Q1 2018. The Company will continue to plan for further expansion as our MEMS product lines expand. By increasing the mix of our own proprietary design MEMS dies and digital ASIC chips for both high and low-end MEMS microphones, the cost structure of MEMS microphones and the Company’s value in this segment could be further enhanced.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the three months ended 31 March 2018

	1.1.2018 to 31.3.2018 Unaudited RMB'000	1.1.2017 to 31.3.2017 Unaudited RMB'000
Revenue	4,638,320	4,215,065
Cost of goods sold	(2,874,777)	(2,461,126)
Gross profit	1,763,543	1,753,939
Other income	37,368	33,138
Fair value gain on an available-for-sale investment	74,562	-
Distribution and selling expenses	(72,546)	(61,010)
Administrative expenses	(139,540)	(125,858)
Research and development costs	(362,001)	(337,034)
Share of results of associates	-	(1,418)
Loss on disposal of an available-for-sale investment	-	(441)
Exchange loss	(15,096)	(3,684)
Finance costs	(50,775)	(31,737)
Profit before taxation	1,235,515	1,225,895
Taxation	(109,762)	(164,300)
Profit for the period	1,125,753	1,061,595
Other comprehensive income (expense):		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Fair value changes on an available-for-sale investment	13,126	-
Fair value changes on derivative financial instruments	7,999	-
Exchange differences arising on translation	(117,201)	(19,388)
Total comprehensive income for the period	1,029,677	1,042,207
Profit for the period attributable to:		
Owners of the Company	1,125,753	1,061,552
Non-controlling interests	-	43
	1,125,753	1,061,595
Total comprehensive income (expense) attributable to:		
Owners of the Company	1,029,677	1,042,280
Non-controlling interests	-	(73)
	1,029,677	1,042,207
Basic earnings per share	RMB92.12 cents	RMB86.45 cents



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PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The performance and the consolidated results of operation of the Group as set out in this announcement are historical in nature and past performance is not a guarantee of future performance. This announcement 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 results announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialize or turn out to be incorrect.

IMPORTANT NOTE

The Company will have a media conference and investors' webcast for these Unaudited Quarterly Results after trading hours on the date of this announcement. Please visit the Company's website www.aactechnologies.com for the Company's regular investor relations update.

Shareholders and potential investors should be advised that these Unaudited Quarterly Results relate only to selected unaudited key performance indicators of the Group and are based on the Group's internal records and management accounts. The Unaudited Quarterly Results have not been reviewed or audited by independent auditors and are not a forecast of the annual performance of the Group as a whole.

Investors and shareholders of the Company are advised to exercise extreme caution when dealing in the shares of the Company.

By order of the Board
AAC Technologies Holdings Inc.
Pan Benjamin Zhengmin
Director

Hong Kong, 14 May 2018

The Directors of the Company as at the date of this announcement are:

Independent Non-executive Directors:

Mr. Koh Boon Hwee
Mr. Poon Chung Yin Joseph
Dato' Tan Bian Ee
Ms. Chang Carmen I-Hua
Mr. Au Siu Cheung Albert
Mr. Kwok Lam Kwong Larry

Non-executive Director:

Ms. Wu Ingrid Chun Yuan

Executive Directors:

Mr. Pan Benjamin Zhengmin
Mr. Mok Joe Kuen Richard