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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: 2018)

RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

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 results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the nine months ended 30 September 2019 ("**9M 2019**") together with the comparative figures for the corresponding period in 2018 ("**9M 2018**").

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

2019 NINE MONTHS HIGHLIGHTS (UNAUDITED):

<i>(RMB Million)</i>	9M 2019	9M 2018	<i>YoY%</i>	3Q 2019	3Q 2018	<i>YoY%</i>	2Q 2019	<i>QoQ%</i>
Revenue	12,579	13,293	-5%	5,012	4,869	3%	3,815	31%
Gross Profit	3,568	4,899	-27%	1,483	1,804	-18%	955	55%
<i>Gross Profit Margin</i>	28.4%	36.9%	-8.5ppts	29.6%	37.1%	-7.5ppts	25.0%	4.6ppts
Net Profit	1,465	2,752	-47%	695	973	-29%	338	106%
<i>Net Profit Margin</i>	11.6%	20.7%	-9.1ppts	13.9%	20.0%	-6.1ppts	8.9%	5.0ppts
Basic EPS (RMB)	1.21	2.25	-46%	0.58	0.80	-28%	0.28	107%
Share Numbers (Weighted average, million)	1,211	1,222		1,209	1,222		1,211	

BUSINESS REVIEW

For the third quarter of 2019 ("**3Q 2019**"), the Group's overall revenue improved as compared to the previous two quarters, as the optimization of business structure and product mix continued. 3Q 2019 revenue grew +3% YoY and +31% QoQ to RMB5.0 billion. 3Q 2019 gross profit margin was 29.6%, -7.5 percentage points ("**ppts**") YoY and +4.6 ppts QoQ. Net profit amounted to RMB0.7 billion. Net profit margin was 13.9%, implying -6.1ppts YoY and +5.0 ppts QoQ.

As a result of the sequential improvement in 2Q and 3Q of 2019 that has significantly offset the revenue decline in 1Q 2019, the Group's 9M 2019 revenue dropped by 5 % YoY to RMB12.58 billion. Gross profit margin for 9M 2019 dropped by 8.5 ppts YoY to 28.4%. Net profit for 9M 2019 dropped by 47% YoY to RMB1.47 billion. The Group always adopts a prudent approach in financial management. For 9M 2019, strong cash inflow from operation of RMB2.7 billion was generated. After deduction of major capital expenditure of RMB2.0 billion, cash on hand as of 30 September 2019 was RMB2.9 billion and the net gearing ratio remained healthy at 10.5%.

The Group remains driven and focused on the technological development for creating user experience, so as to deliver a long term and sustainable growth. Research and development ("**R&D**") expenses for 9M 2019 increased 13% YoY to RMB1.26 billion, and accounted for 10% of the revenue during the period. The Group is glad to see that the positive effects have started to kick in, from the management efforts on enhancing marketing strategies, customer and product mix, and offering user experience. 3Q 2019 revenue and gross profit margin from acoustics, optics, electromagnetic drives and MEMS components all improved from the previous quarter. The Group remains positive on the key proprietary product platforms as the ongoing revenue growth drivers. The Group positions the optical business as a key strategic growth driver, and indeed recorded significant sequential growths for three consecutive quarters. During 3Q 2019, production capacity and yield improved, and specifications of the plastic lens upgraded. Management expects satisfactory returns on investment from the existing plastic lens business, and from the future wafer-level glass ("**WLG**") platform once the critical scale is reached. The differentiated user experience offered by the key acoustics and electromagnetic drives products should also lead to higher market penetration and share. During 3Q 2019, the shipment volume for stepper motors increased by multi-folds. The Group would seize the opportunities from the higher demand for complicated and integrated radio frequency ("**RF**") solutions for the 5G era. Going forward, the Group will continue to create more technological upgrades, widen competitive lead, and achieve breakthroughs on markets, customers, product offerings and user experience.

DEVELOPMENT OF BUSINESS SEGMENTS

Acoustics business

3Q 2019 revenue and gross profit margin from the acoustics business have exhibited sequential improvement, by 29% QoQ and by 6.1 ppts respectively as compared to 2Q 2019, to RMB2.3 billion and 33.3%. 9M 2019 revenue and gross profit margin reflected adverse results of 1Q 2019, and declined by 13% YoY and 6.6 ppts YoY respectively, to RMB5.9 billion and 31.3%.

As a global leader in miniaturized acoustic technology, the Group is well positioned for growing customer awareness of acoustic performance and motivation for acoustics upgrades. The newly launched "Classic Version" of super-linear structure platform ("SLS") in 2019 has penetrated into a number of Android flagship models. The "Classic Version" offers more superb acoustic performance than the previous "Entry / Upgraded Version", with a 30%-higher diaphragm amplitude. During 3Q 2019, SLS represented 60% of total Android acoustics modules shipment, and is on track to the target of 65% by year-end.

Electromagnetic Drives and Precision Mechanics

For 3Q 2019, the combined segment of electromagnetic drives and precision mechanics businesses has shown strong sequential improvement as compared to the previous quarter. 3Q 2019 revenue and gross profit margin increased by 37% QoQ and 2.6 ppts QoQ respectively, to RMB2.1 billion and 29.5%. 9M 2019 revenue and gross profit margin from the combined segment reflected adverse results of 1Q 2019, and declined by 4% and 9.1 ppts respectively as compared to 9M 2018, to RMB5.2 billion and 29.5%.

For haptics business, average selling price ("ASP") and shipment volume had both grown QoQ, leading to higher revenue and gross profit margin as compared to the previous quarter. During 3Q 2019, the Group's proprietary horizontal (X-axis) vibration motor has further penetrated into more Android flagship models. Some recent Android launches featuring 'edge haptics' have received positive feedback from end-users and the Group sees an extensive roadmap for the application of our proprietary haptics technology.

For the stepper motor module business, the shipment volume has ramped up by multi-folds in 3Q 2019 as compared to the previous quarter, resulting in the growth of both revenue and gross profit margin. The Group continues to see strong customer demand and expect further growth for shipment volume and margin in 4Q 2019.

For precision mechanics business, it continued to see strong shipment volume growth during 3Q 2019, with higher penetration into more Android flagship models. 3Q 2019 shipment volume growth increased 35% QoQ and 68% YoY, leading to significant revenue QoQ growth in 3Q 2019. Gross profit margin was slightly compressed during the quarter mainly due to the rising raw material costs. The Group is optimistic on seizing the opportunities for this business in the 5G era, by leveraging on the leading in-house research and design of complicated and integrated RF solutions.

Optics

During 3Q 2019, the Group's higher specification plastics lens has increased penetration to mainstream Android customers, leading to a higher capacity utilization and an increase of both ASP and shipment volume as compared to 2Q 2019. The revenue for 9M 2019 and 3Q 2019 grew 76% and 80% YoY respectively, to RMB730 million and RMB313 million. Management is set to expand production capacity, and improve yields and higher specs product mix. Monthly shipment is on track to increase to 60 million units by end of 2019.

The Group is enhancing the optics business' global infrastructure for R&D and production, since it has been positioned as the key and strategic growth driver of the Group. Riding on the competitive advantages of the proprietary molding and automation processes, management would focus on optimizing the production process, increasing the capacity utilization and yield, and winning more high-spec orders in the future. Furthermore, significant progress was made in the preparation of mass production of the Group's proprietary WLG lens. Superior results were achieved for the sample tests of the WLG periscope lens. The high-resolution WLG lens projects are in the solid preparation stage and products are expected to be fully launched in 2020.

MEMS Components

3Q 2019 revenue from MEMS business grew 8% YoY and 28% QoQ respectively. The overseas business increased in 3Q 2019 as compared to the previous quarter, resulting in increase in both ASP and shipment volume. The increased adoption of the in-house MEMS dies and digital ASIC chips in the MEMS microphone contributed to the improved gross profit margin in 3Q 2019, which was expanded by 4.4 ppts to 31.3%, as compared to the previous quarter.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

	1.1.2019 to 30.9.2019 (Unaudited) RMB'000	1.1.2018 to 30.9.2018 (Unaudited) RMB'000
Revenue	12,579,185	13,293,322
Cost of goods sold	(9,011,612)	(8,394,530)
Gross profit	3,567,573	4,898,792
Other income, gains and losses	144,674	133,077
Gain on final settlement of earn-out consideration	–	147,830
Fair value gain (loss) on financial assets at fair value through profit or loss	19,234	(88,353)
Distribution and selling expenses	(185,572)	(218,926)
Administrative expenses	(447,725)	(431,184)
Research and development costs	(1,264,125)	(1,119,318)
Exchange gain	48,636	6,811
Finance costs	(174,850)	(160,350)
Profit before taxation	1,707,845	3,168,379
Taxation	(242,637)	(416,651)
Profit for the period	1,465,208	2,751,728
Other comprehensive income (expense):		
Item that will not be subsequently reclassified to profit or loss:		
Fair value changes on equity instruments at fair value through other comprehensive income	30,888	3,933
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising from translation of foreign operations	(6,694)	43,151
Fair value changes on derivative financial instruments	(27,552)	19,843
(Gain) loss reclassified to profit or loss on hedged items	(2,110)	1,442
	(5,468)	68,369
Total comprehensive income for the period	1,459,740	2,820,097
Profit for the period attributable to owners of the Company	1,465,208	2,751,728
Total comprehensive income for the period attributable to owners of the Company	1,459,740	2,820,097
Earnings per share - Basic	RMB1.21	RMB2.25



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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 an investors' webcast and a media conference 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, 8 November 2019

The Directors of AAC Technologies as at the date of this announcement are:

Executive Directors:

Mr. Pan Benjamin Zhengmin
Mr. Mok Joe Kuen Richard

Independent Non-executive Directors:

Mr. Koh Boon Hwee
Mr. Au Siu Cheung Albert
Mr. Zhang Hongjiang
Mr. Poon Chung Yin Joseph
Mr. Kwok Lam Kwong Larry
Mr. Peng Zhiyuan

Non-executive Director:

Ms. Wu Ingrid Chun Yuan