AAC ACOUSTIC TECHNOLOGIES HOLDINGS INC.

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2018)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2006

Financial Highlights

Turnover of the Group for the year ended 31st December, 2006 was RMB1,773.4 million, representing an increase of 65.2% from RMB1,073.7 million for the previous year. Profit attributable to equity holders of the Company for the year ended 31st December, 2006 was RMB570.3 million, representing an increase of 71.3% from RMB332.9 million for the previous year.

RESULTS

The board of directors (the ''Board'') of AAC Acoustic Technologies Holdings Inc. (the ''Company'') is pleased to announce the audited consolidated final results of the Company and its subsidiaries (collectively referred to as the ''Group'') for the year ended 31st December, 2006 together with comparative figures for the previous year.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2006

	Notes	**2006** **RMB'000**	2005 *RMB'000*
Turnover	3	**1,773,371**	1,073,744
Cost of goods sold		**(902,121)**	(546,010)
Gross profit		**871,250**	527,734
Other income		**46,324**	18,966
Distribution and selling expenses		**(113,413)**	(62,403)
Administrative expenses		**(203,502)**	(123,078)
Finance costs	5	**(627)**	(7,627)
Profit before taxation	6	**600,032**	353,592
Taxation	7	**(31,515)**	(20,271)
Profit for the year		**568,517**	333,321
Attributable to:			
Equity holders of the Company		**570,314**	332,859
Minority interests		**(1,797)**	462
		568,517	333,321
Earnings per share — Basic	9	**RMB45.70 cents**	RMB31.05 cents

CONSOLIDATED BALANCE SHEET

At 31st December, 2006

	Notes	**2006** **RMB'000**	2005 *RMB'000*
Non-current assets			
Property, plant and equipment		**618,842**	342,127
Land use rights		**7,921**	7,816
Foreign exchange linked notes		**79,288**	—
Deposits made on acquisition of property, plant and equipment		**55,712**	19,361
Prepaid license rights		**12,145**	—
		773,908	369,304
Current assets			
Inventories		**188,470**	116,237
Trade and other receivables	10	**553,926**	347,625
Amounts due from related companies		—	81
Amount due from a minority shareholder of a subsidiary		**7,807**	—
Taxation recoverable		**2,168**	899
Restricted bank deposits		**26,952**	18,805
Bank balances and cash		**988,992**	938,970
		1,768,315	1,422,617
Current liabilities			
Trade and other payables	11	**374,010**	219,288
Amounts due to related companies		**11,165**	1,936
Taxation payable		**22,000**	17,254
Short-term bank loans		**10,000**	15,000
		417,175	253,478
Net current assets		**1,351,140**	1,169,139
Net assets		**2,125,048**	1,538,443
Capital and reserves			
Share capital		**101,342**	101,342
Reserves		**2,009,793**	1,437,101
Equity attributable to equity holders of the Company		**2,111,135**	1,538,443
Minority interests		**13,913**	—
Total equity		**2,125,048**	1,538,443

NOTES

For the year ended 31st December, 2006

1. General

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in the annual report of 2006.

The consolidated financial statements are presented in Renminbi (''RMB''), which is the same as the functional currency of the Company.

2. Adoption of New and Revised Standards

In the current year, the Group has adopted all of the new and revised applicable International Accounting Standards (''IAS''), interpretations and International Financial Reporting Standards ("IFRS") (hereinafter collectively referred to as "new IFRSs") issued by the International Accounting Standards Board (the ''IASB'') and the International Financing Reporting Interpretations Committee (''IFRIC'') of the IASB that are relevant to its operations and effective for accounting periods beginning on 1st December, 2005 or 1st January, 2006. The adoption of these new IFRSs has had no material effect on how the results and the financial position for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, interpretations and amendment that were issued but not yet effective:

IAS 1 (Amendment)	Capital disclosures[1]
IFRS 7	Financial instruments: Disclosures[1]
IFRS 8	Operating segments[2]
IFRIC 7	Applying the restatement approach under IAS 29 Financial Reporting in Hyperinflationary Economies[3]
IFRIC 8	Scope of IFRS 2[4]
IFRIC 9	Reassessment of embedded derivatives[5]
IFRIC 10	Interim financial reporting and impairment[6]
IFRIC 11	IFRS 2: Group and treasury share transactions [7]
IFRIC 12	Service concession arrangements[8]

1 Effective for annual periods beginning on or after 1st January, 2007.
2 Effective for annual periods beginning on or after 1st January, 2009.
3 Effective for annual periods beginning on or after 1st March, 2006.
4 Effective for annual periods beginning on or after 1st May, 2006.
5 Effective for annual periods beginning on or after 1st June, 2006.
6 Effective for annual periods beginning on or after 1st November, 2006
7 Effective for annual periods beginning on or after 1st March, 2007.
8 Effective for annual periods beginning on or after 1st January, 2008.

The directors anticipate that the adoption of these new standards, interpretations or amendment in the future periods will have no material impact on the results and financial position of the Group.

3. Turnover

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers during the year.

4. Business and Geographical Segments

Business segments

Over 90% of the Group's turnover, segment results and assets are attributable to the manufacture and sales of acoustic related products, thus business segment information is not presented.

Geographical segments

The following table provides an analysis of the Group's turnover by location of customers, irrespective of the origin of the goods and are the basis on which the Group reports its primary segment information:

	2006 **RMB'000**	2005 *RMB'000*
Turnover		
— USA	**684,599**	375,625
— Greater China	**813,932**	522,436
— Asia (excluding Greater China)	**106,692**	92,765
— Europe	**168,148**	82,918
	1,773,371	1,073,744

	2006 **RMB'000**	2005 *RMB'000*
Results		
Segment results		
— USA	**222,740**	136,217
— Greater China	**241,788**	154,372
— Asia (excluding Greater China)	**37,214**	28,213
— Europe	**55,812**	25,956
	557,554	344,758
Other income	**17,016**	9,713
Interest income	**28,448**	9,253
Fair value gain on foreign exchange linked notes	**860**	—
Unallocated expenses	**(3,219)**	(2,505)
Finance costs	**(627)**	(7,627)
Profit before taxation	**600,032**	353,592
Taxation	**(31,515)**	(20,271)
Profit for the year	**568,517**	333,321

The following is an analysis of the Group's carrying amount of segment assets and liabilities analysed by the location of customers:

	2006 RMB'000	2005 RMB'000
Segment assets		
— USA	629,084	303,203
— Greater China	617,819	394,199
— Asia (excluding Greater China)	82,665	71,276
— Europe	115,255	64,569
	1,444,823	833,247
Unallocated	1,097,400	958,674
	2,542,223	1,791,921
Segment liabilities		
— USA	132,030	72,746
— Greater China	204,383	115,189
— Asia (excluding Greater China)	19,571	16,401
— Europe	29,191	16,888
	385,175	221,224
Unallocated	32,000	32,254
	417,175	253,478

Other information

	2006 RMB'000	2005 RMB'000
Capital additions		
— USA	108,716	51,420
— Greater China	177,516	83,103
— Asia (excluding Greater China)	16,458	12,322
— Europe	24,194	16,352
	326,884	163,197
Depreciation		
— USA	14,743	8,986
— Greater China	27,515	17,743
— Asia (excluding Greater China)	2,264	2,176
— Europe	3,657	2,469
	48,179	31,374

The goods sold to various geographical markets were principally produced from the same production facilities located in Mainland China (the "PRC"), therefore, analysis of assets and liabilities by location is not presented.

5. Finance Costs

	2006 RMB'000	2005 RMB'000
Interest on		
— bank borrowings wholly repayable within five years	756	3,873
— redeemable convertible preferred shares	—	3,891
	756	7,764
Less: Interest capitalised in construction in progress	(129)	(137)
	627	7,627

6. Profit Before Taxation

	2006 RMB'000	2005 RMB'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration	3,219	2,505
Other staff's retirement benefits scheme contributions	17,460	11,188
Other staff costs	336,243	188,934
Total staff costs	356,922	202,627
Less: Staff costs included in research and development costs	(29,542)	(13,403)
	327,380	189,224
Depreciation	48,179	31,374
Less: Depreciation included in research and development costs	(3,802)	(1,779)
	44,377	29,595
Auditors' remuneration	1,840	1,579
Allowance for bad and doubtful debts	3,726	396
Cost of inventories recognised as expense	902,121	546,010
Impairment loss on property, plant and equipment	413	—
Loss on disposal of property, plant and equipment	540	212
Operating lease rentals in respect of		
— equipment	—	200
— building premises	13,846	11,260
— land use rights	594	692
Research and development costs	48,783	26,189
Exchange loss	41,790	8,827
and after crediting:		
Government subsidies*	11,999	5,872
Fair value gain on foreign exchange linked notes	860	—
Interest income from bank balances and deposits	28,448	9,253

* *The amount represents the incentive subsidies granted by the PRC local authorities to the Group. All the grants were approved and received during the year.*

7. Taxation

	2006 RMB'000	2005 RMB'000
The charge comprises:		
Hong Kong Profits Tax calculated at 17.5% on the estimated assessable profit for the year	148	1,859
PRC income tax	31,659	18,992
Overseas taxation	(292)	(580)
	31,515	20,271

Pursuant to the relevant laws and regulations in the PRC, certain of the Group's PRC subsidiaries are entitled to exemption from PRC income tax for the two years commencing from their first profit making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC income tax for the following three years. The exemption will expire gradually up to 2010.

In addition, certain PRC subsidiaries have obtained foreign investment product export oriented enterprise certificates. Accordingly, these PRC subsidiaries are entitled to a 50% relief from PRC income tax.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

There was no significant unprovided deferred taxation for the year or at the balance sheet date.

The charge for the year is reconciled to the profit before taxation as follows:

	2006 RMB'000	2005 RMB'000
Profit before taxation	600,032	353,592
Tax at the applicable income tax rate	144,008	84,862
Tax effect of income not taxable for tax purposes	(5,386)	(1,455)
Tax effect of expenses not deductible for tax purposes	8,299	8,052
Income tax at concessionary rate	(110,861)	(70,947)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(3,804)	(229)
Others	(741)	(12)
Tax charge for the year	31,515	20,271

The PRC Enterprise Income Tax rate of 24% is the domestic tax rate in the jurisdiction where the operations of the Group are substantially based.

8. Dividends

No dividends have been paid or declared by the Company for the year ended 31st December, 2006.

9. Earnings Per Share

The calculation of the basic earnings per share for the year ended 31st December, 2006 is based on the profit for the year attributable to equity holders of the Company of RMB570,314,000 (2005 : RMB332,859,000) and on the weighted average number of ordinary shares of 1,248,000,000 shares in issue during the year (2005: 1,071,998,107 shares on the assumption that the group reorganisation and the capitalisation issue, as more fully described in Appendix V to the prospectus of the Company dated 28th July, 2005, have been effective on 1st January, 2005).

10. Trade and Other Receivables

	2006 RMB'000	2005 RMB'000
Trade receivables	492,481	309,423
Bank acceptance bills	14,646	5,317
	507,127	314,740
Advanced payment to suppliers	12,725	4,627
Other receivables	34,074	28,258
	553,926	347,625

Payment terms with customers are mainly on credit. Invoices are normally payable from 45 days to 120 days of issuance. The Group accepts bank acceptance bills with maturities ranging from 30 to 90 days at the end of the credit terms in lieu of payment. The following is an aging analysis of trade receivables and bank acceptance bills at the balance sheet date:

	2006 RMB'000	2005 RMB'000
Age		
Not yet due	439,498	288,809
Overdue 0–90 days	62,816	25,668
Overdue 91–180 days	3,890	67
Overdue over 181 days	5,879	1,426
	512,083	315,970
Allowance for bad and doubtful debts	(4,956)	(1,230)
	507,127	314,740

The Group's trade receivables which are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2006 RMB'000	2005 RMB'000
United States dollars	368,761	196,660
Others	5,843	2,958

The directors consider the carrying amount of trade and other receivables approximates its fair value.

11. Trade and Other Payables

	2006 RMB'000	2005 RMB'000
Trade payables	186,924	113,620
Notes payables — secured	52,509	32,134
	239,433	145,754
Payroll and welfare payables	59,706	33,144
Other payables	74,871	40,390
	374,010	219,288

An aging analysis of trade payables and notes payables is as follows:

	2006 *RMB'000*	2005 *RMB'000*
Age		
Not yet due	**224,295**	143,758
Overdue 0–90 days	**13,660**	1,459
Overdue 91–180 days	**47**	145
Overdue over 181 days	**1,431**	392
	239,433	145,754

The directors consider the carrying amount of trade and other payables approximates its fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

We are one of the leading manufacturers focusing on the design and production of miniaturize acoustic components, which are used in mobile phone handsets and other consumer handheld devices. We provide a wide range of miniaturize acoustic products, including miniature receivers, polyphonic speakers, multi-function devices, speaker modules, transducers, ECM microphones, headsets and vibrators. We believe that our strong research, product development and engineering capabilities, combined with our vertically-integrated and semi-automated production processes, have continued to enable us to produce advanced miniature acoustic components that can meet our customers' strict requirements for performance, quality and cost.

Market Review

In 2006, we continued to benefit from the increasing demand for advanced miniature acoustic products from our key customers, including leading global handset OEMs. Handset OEMs tend to implant more than one acoustic component into one handset; hence, we were able to grow faster than the overall handset industry in terms of shipment volume. Handset OEMs have also continued to introduce smaller and thinner handsets to the market. We believe that we are well-positioned to continue to benefit from this trend given that our competitive advantage lies in our ability to develop acoustic products that are increasingly smaller in size, but at the same time, of increasingly superior acoustic performance.

Our end customers included various participants within the mobile phone handset industry value chain (such as module suppliers, design houses, EMS providers, ODMs and OEMs), as well as OEMs in the consumer electronics and other industries. We were able to further penetrate into most of our key end customers by increasing shipment of traditional products and obtaining qualification for newer products such as vibrators and stereo headsets. In 2006, shipment for nearly all of our products increased.

Financial Review

We experienced our fourth year of double-digit growth in annual revenue and net income. We maintained a strong financial position and generated RMB461.7 million in net cash flows from operations in the year 2006. Turnover of the Group for the year ended 31st December, 2006 was RMB1,773.4 million, representing an increase of 65.2% from RMB1,073.7 million for the previous year. Gross profit was RMB871.3 million, representing an increase of 65.1% from RMB527.7 million for the previous year. Profit attributable to equity holders of the Company was RMB570.3 million, representing an increase of 71.3% from RMB332.9 million for the previous year. Basic earnings per share was RMB45.70 cents, representing an increase of 47.2% from RMB31.05 cents for the previous year.

Gearing Ratio

The gearing ratio of the Group, computed by dividing the short-term bank loans by the total assets, as at 31st December, 2006 was 0.4% compared to 0.8% as at 31st December, 2005.

Indebtedness

As at 31st December, 2006, the Group had RMB10.0 million short-term bank loans compared with RMB15.0 million as at 31st December, 2005.

Contingent Liabilities

During the year, the Company and a subsidiary has been named as defendants in a United States District Court action in respect of an alleged claim of trade secret misappropriation under the Illinois Trade Secrets Act (the "Complaint"). The Complaint seeks injunctive relief and damages in an amount in excess of US$1,000,000. The Group believes that it has meritorious defenses to the Complaint and thus no provision for any potential liability has been made in the consolidated financial statement.

Liquidity, Financial Resources and Capital Structure

As at 31st December, 2006, the Group had RMB989.0 million in cash and cash equivalents. In addition, the Group has restricted short-term bank deposits of RMB27.0 million. The Group had no long-term debt as at 31st December, 2006. The management believes 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 need of the Group for capital.

Foreign Exchange

Majority of the Group's sales, purchases and operating expenses were denominated in RMB, U.S. dollars, Japanese yen, Hong Kong dollars and Euro. The Board believes that the Group has been and will continue to be exposed to foreign currency exchange risk. The Group does not have a formal hedging policy. Management closely monitors such risks and will consider hedging significant foreign currency exposure should the need arise. During the year, the Group has entered into foreign exchange linked contracts to minimise the effect of exchange rate fluctuations between the RMB and the US dollar.

Charges on Group Assets

As at 31st December, 2006, none of the Group's assets was charged to any financial institution.

Material Acquisitions or Disposals of Subsidiaries

The Group had no material acquisitions or disposals of subsidiaries during the year ended 31st December, 2006.

Future Plans for Material Investments

The future plan for investments of the Group will focus on SMD microphones, MEMS microphones, linear vibrators and SMD vibrators.

Employee Information

As at 31st December, 2006, the Group employed 9,921 permanent employees. Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. The management regularly reviews the Group's remuneration policy and appraises the work performance of its staff.

Employee remuneration includes salaries, allowances, social insurance or mandatory pension fund. As required by the relevant regulations in the PRC, the Group participated in the social insurance schemes operated by the relevant local government authorities. The Group also participated in the mandatory pension fund and social insurance schemes for our employees in Hong Kong, USA and Europe.

Prospects

The Company went through another year of strong growth. We have further penetrated into existing customers and we will continue to target new customers as well as explore the possibility of applying our products into other consumer electronics devices. We believe that our strong research, product development and engineering expertise is critical to our sustained growth and competitiveness. We have successfully developed new and more advanced acoustic products, and we intend to continue to produce innovative products that can cater to our customers' need for smaller and better quality acoustic products. We strive to maintain our strong revenue growth and at the same time, reduce costs and enhance production efficiency, so that we can generate stable operating margins. We are also committed to enhancing shareholder's returns.

DIVIDENDS

From time to time, the Company will consider its financial position, results of operations, debt repayment ability, capital expenditures, Group's earnings and other factors as the Board may deem appropriate. The Board may recommend the amount of dividends to be declared and the declaration and payments of dividends will be determined by the shareholders in general meeting. No dividends have been paid or declared by the Company for the year ended 31st December, 2006.

CLOSURE OF REGISTER OF MEMBERS

The registers of the Company will be closed from 16th May, 2007 to 21st May, 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 15th May, 2007.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Since the Listing, the Company has not redeemed any of it shares, and neither the Company nor any of its subsidiaries has purchased or sold any of the shares of the Company.

CORPORATE GOVERNANCE

During the year ended 31st December, 2006, the Company has complied with the code provisions of the ''Code on Corporate Governance Practices'' (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the ''Listing Rules'').

The Company has adopted codes of conduct regarding securities transactions by the 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules.

On specific enquiries made, all the directors have confirmed that, during the year ended 31st December, 2006, 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.

AUDIT COMMITTEE

The Board has established an Audit Committee on 16th April, 2005. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group.

The Audit Committee comprises two independent non-executive directors, namely, Mr. Mok Joe Kuen Richard and Mr. Koh Boon Hwee and a non-executive director, Ms. Ingrid Chunyuan Wu. Mr. Mok Joe Kuen Richard is the chairman of the Audit Committee.

The Audit Committee and the auditors of the Company, Deloitte Touche Tohmatsu, have reviewed and discussed with the management regarding the Company's audited consolidated financial statements for the year ended 31st December, 2006.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31st December, 2006 as set out in the Final Results Announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the Final Results Announcement.

APPRECIATION

Finally, on behalf of the Board, I would like to express my gratitude to our management and staff for their hard work and dedication throughout the year.

DEFINITIONS

"EMS"	Electronic Manufacturing Services
"MEMS microphone''	Micro Electro Mechanical Systems (''MEMS'') microphones are compact, light weight and based on MEMS technology. MEMS is based on semiconductor technology which uses silicon to create pathways for electricity within components
"ODM"	Original Design Manufacturer, a company that both designs and manufactures a product for its customers
"OEM"	Original Equipment Manufacturer, the original manufacturer and their deignated contract manufacturers
"SMD"	Surface Mount Device which is readily fed into a SMT production line
"SMT"	Surface Mount Technology

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

Hong Kong, 10th April, 2007

As at the date of this announcement, the Board of Directors of the Company comprises an executive director, Mr. Benjamin Zhengmin Pan; three non-executive directors, Ms. Ingrid Chunyuan Wu, Mr. Pei Kang and Dr. Thomas Kalon Ng, and three independent non-executive directors, Mr. Koh Boon Hwee, Dr. Dick Mei Chang and Mr. Mok Joe Kuen Richard.