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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)

CONTINUING CONNECTED TRANSACTIONS

Supplemental AAC New Power Lease Agreement

Reference is made to the 4 August 2011 Announcement, wherein it was announced that, amongst others, AAC New Power, an indirect wholly-owned subsidiary of the Company, entered into the AAC New Power Lease Agreement with Jiangsu Yuanyu on 3 August 2011, pursuant to which Jiangsu Yuanyu agreed to lease to AAC New Power the Jiangsu Yuanyu (AAC New Power) Premises for the period from 3 August 2011 to 31 December 2013. It was provided under the AAC New Power Lease Agreement that, amongst others, for the period from 1 July 2012 to 30 June 2013, Jiangsu Yuanyu would lease to AAC New Power an area comprising 15,894 sq.m. of construction area and 2,230 sq.m. of site area and for the period from 1 July 2013 to 31 December 2013, an area comprising 20,000 sq.m. of construction area and 2,230 sq.m. of site area of the Jiangsu Yuanyu (AAC New Power) Premises.

On 28 December 2012, AAC New Power entered into the Supplemental AAC New Power Lease Agreement with Jiangsu Yuanyu, pursuant to which AAC New Power and Jiangsu Yuanyu agreed to revise the terms of the AAC New Power Lease Agreement to the effect that amongst others, for the period from 1 January 2013 to 31 December 2013, Jiangsu Yuanyu agreed to now lease to AAC New Power an area comprising 19,831 sq.m. of construction area and 2,230 sq.m. of site area of the Jiangsu Yuanyu (AAC New Power) Premises.

Audio Changzhou Lease Agreement

On 28 December 2012, Audio Changzhou, an indirect wholly-owned subsidiary of the Company, entered into the Audio Changzhou Lease Agreement with Jiangsu Yuanyu, pursuant to which Jiangsu Yuanyu agreed to lease to Audio Changzhou the Jiangsu Yuanyu (Audio Changzhou) Premises for the period from 1 January 2013 to 31 December 2014.

New Microtech Changzhou Lease Agreement

On 28 December 2012, Microtech Changzhou, an indirect wholly-owned subsidiary of the Company, entered into the New Microtech Changzhou Lease Agreement with Jiangsu Yuanyu,

pursuant to which Jiangsu Yuanyu agreed to lease to Microtech Changzhou the Additional Jiangsu Yuanyu (Microtech Changzhou) Premises for the period from 1 January 2013 to 31 December 2014.

As at 28 December 2012, 21.72% of the equity interest of Jiangsu Yuanyu was held by Changzhou LFY, a company beneficially owned as to 50% by each of the Pan's Father and Pan's Mother; 30% of the equity interest of Jiangsu Yuanyu was held by Changzhou Yulai, a company beneficially owned as to 50% by each of the Pan's Father and Pan's Mother; and 48.28% of the equity interest of Jiangsu Yuanyu was held by Silver Island Limited, a company beneficially owned as to 100% by Mr. Pan, a Director. As such, Jiangsu Yuanyu was and still is an associate of Mr. Pan and therefore a connected person of the Company under Rule 14A.11(4) of the Listing Rules. The entering into of the Supplemental AAC New Power Lease Agreement, Audio Changzhou Lease Agreement and New Microtech Changzhou Lease Agreement mentioned above constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Supplemental Changzhou LFY Agreements

Reference is made to the 28 December 2010 Announcement, wherein it was announced that, amongst others, pursuant to the New Changzhou LFY Agreements dated 20 December 2010, certain members of the Group agreed to lease from Changzhou LFY certain factory areas and land areas located at Gang Qiao Bridge, Nanxiashu Town, Wujing District, Changzhou, the PRC for the period from 1 January 2011 to 31 December 2013. On 1 March 2012, those members of the Group entered into the Supplemental Changzhou LFY Agreements with Changzhou LFY, pursuant to which the terms of the New Changzhou LFY Agreements were amended to the effect that, amongst others, the lease of certain factory and land areas were early terminated with effect from 1 January 2012 and the rents payable in respect of the remaining leased factory areas were revised with effect from 1 March 2012.

As at 1 March 2012 when the Supplemental Changzhou LFY Agreements were entered into, Changzhou LFY was a company beneficially owned as to 50% by each of Pan's Father and Pan's Mother. As Mr. Pan was then and still is a Director, Changzhou LFY was and still is an associate of Mr. Pan and therefore a connected person of the Company under Rule 14A.11(4) of the Listing Rules. The entering into of the Supplemental Changzhou LFY Agreements constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement

On 9 July 2012, Microtech Changzhou entered into the Old Microtech Changzhou Lease Agreement with Jiangsu Yuanyu, pursuant to which Jiangsu Yuanyu agreed to lease to Microtech Changzhou the Jiangsu Yuanyu (Microtech Changzhou) Premises for the period from 10 July 2012 to 9 July 2014.

On 9 July 2012, AAC Module, an indirect wholly-owned subsidiary of the Company, entered into the AAC Module Lease Agreement with Jiangsu Yuanyu, pursuant to which Jiangsu Yuanyu agreed to lease to AAC Module the Jiangsu Yuanyu (AAC Module) Premises for the period from 10 July 2012 to 9 July 2014.

The entering into of the Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement on 9 July 2012 constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the time of entering into of each of the Supplemental Changzhou LFY Agreements, Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement, the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual rent payable by the Group under each of the Supplemental Changzhou LFY Agreements, Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement, even if required to be aggregated with each other under Rules 14A.25 and 14A.26 of the Listing Rules, were less than 0.1% and therefore, the Supplemental Changzhou LFY Agreements, Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement were then exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements in accordance with Rule 14A.33 of the Listing Rules.

As Mr. Pan and Ms. Wu had a material interest in the continuing connected transactions contemplated under each of the Supplemental AAC New Power Lease Agreement, Audio Changzhou Lease Agreement, New Microtech Changzhou Lease Agreement, Supplemental Changzhou LFY Agreements, Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement, they have abstained from voting on the board resolutions of the Company in approving such agreements.

Since the Group further entered into three new agreements on 28 December 2012 relating to the lease of properties from connected persons, namely, the Supplemental AAC New Power Lease Agreement, Audio Changzhou Lease Agreement and New Microtech Changzhou Lease Agreement, the Board anticipates that the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Supplemental AAC New Power Lease Agreement, Audio Changzhou Lease Agreement, New Microtech Changzhou Lease Agreement, Supplemental Changzhou LFY Agreements, Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement, if required to be aggregated with each other under Rules 14A.25 and 14A.26 of the Listing Rules, will exceed 0.1% but will be less than 5%, the Supplemental AAC New Power Lease Agreement, Audio Changzhou Lease Agreement, New Microtech Changzhou Lease Agreement, Supplemental Changzhou LFY Agreements, Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that each of the Supplemental AAC New Power Lease Agreement, Audio Changzhou Lease Agreement, New Microtech Changzhou Lease Agreement, Supplemental Changzhou LFY Agreements, Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement was entered into in the ordinary and usual course of business of the Group, on normal commercial terms and that the terms thereof (including the relevant proposed annual caps) are fair and reasonable and in the interests of the Company and the

Shareholders as a whole after taking into account the factors stated in this announcement.

As at the date of this announcement, the Board anticipates that the aggregate annual rent payable by the Group to the connected persons under all the existing lease agreements with such connected persons, i.e. the lease agreements disclosed in details in this announcement and the Other Existing Lease Agreements previously announced, will, based on the relevant annual caps under such aforementioned agreements, not exceed approximately RMB12,660,380 (equivalent to approximately HK\$15,698,871) for the year ended 31 December 2012; and RMB15,504,500 (equivalent to approximately HK\$19,225,580) for the year ended 31 December 2013.

I. CONTINUING CONNECTED TRANSACTIONS

(1A) SUPPLEMENTAL AAC NEW POWER LEASE AGREEMENT

Date: 28 December 2012

Parties: (1) AAC New Power; and
(2) Jiangsu Yuanyu

Subject matter:

On 3 August 2011, AAC New Power entered into the AAC New Power Lease Agreement with Jiangsu Yuanyu, pursuant to which Jiangsu Yuanyu agreed to lease to AAC New Power the Jiangsu Yuanyu (AAC New Power) Premises for the period from 3 August 2011 to 31 December 2013. It was provided under the AAC New Power Lease Agreement that, amongst others, for the period from 1 July 2012 to 30 June 2013, Jiangsu Yuanyu would lease to AAC New Power an area comprising 15,894 sq.m. of construction area and 2,230 sq.m. of site area and for the period from 1 July 2013 to 31 December 2013, an area comprising 20,000 sq.m. of construction area and 2,230 sq.m. of site area of the Jiangsu Yuanyu (AAC New Power) Premises.

On 28 December 2012, AAC New Power entered into the Supplemental AAC New Power Lease Agreement with Jiangsu Yuanyu, pursuant to which AAC New Power and Jiangsu Yuanyu agreed to revise the terms of the AAC New Power Lease Agreement to the effect that, for the period from 1 January 2013 to 31 December 2013, Jiangsu Yuanyu agreed to now lease to AAC New Power an area comprising 19,831 sq.m. of construction area and 2,230 sq.m. of site area of the Jiangsu Yuanyu (AAC New Power) Premises at an annual rent of RMB3,596,340 (equivalent to approximately HK\$4,459,462) (i.e. monthly rent of RMB299,695 (equivalent to approximately HK\$371,622)). Save for the aforementioned, no other terms of the AAC New Power Lease Agreement was revised under the Supplemental AAC New Power Lease Agreement.

Payment terms:

The payment terms under the AAC New Power Lease Agreement have not been amended and the revised monthly rent as mentioned above will continue to be paid by AAC New Power to Jiangsu Yuanyu in arrears before the last day of each month.

Usage:

The usage of the leased premises has not been amended and will continue to be leased for industrial production use. The Group intends to use such leased premises for small volume industrial production purpose.

Proposed annual cap:

The annual cap originally set for the annual rent payable under the AAC New Power Lease Agreement for the year ending 31 December 2013 was RMB3,257,220 (equivalent to approximately HK\$3,908,664 as of the date of the 4 August 2011 Announcement). In view of the entering into of the Supplemental AAC New Power Lease Agreement, the Board intends to set the annual cap for the annual rent payable under the AAC New Power Lease Agreement (as supplemented by the Supplemental AAC New Power Lease Agreement) for the year ending 31 December 2013 as RMB3,597,000 (equivalent to approximately HK\$4,460,280), which is determined based on the annual rent payable by AAC New Power under the AAC New Power Lease Agreement (as supplemented by the Supplemental AAC New Power Lease Agreement) during the year ending 31 December 2013.

Basis for determining the rent:

Pursuant to the AAC New Power Lease Agreement (as supplemented by the Supplemental AAC New Power Lease Agreement), the Jiangsu Yuanyu (AAC New Power) Premises is leased from Jiangsu Yuanyu to AAC New Power on the rental basis of RMB15 (equivalent to approximately HK\$18.60) per sq.m. of the construction area and RMB1 (equivalent to approximately HK\$1.24) per sq.m. of the site area of the Jiangsu Yuanyu (AAC New Power) Premises. The rental rate as revised pursuant to the Supplemental AAC New Power Lease Agreement is the same as the rental rate under the AAC New Power Lease Agreement, which was determined with reference to prevailing market rental rates obtained by market research on rental valuation of similar properties in the vicinity carried out by AAC New Power in 2011 before the entering into of the AAC New Power Lease Agreement and are lower than the recent prevailing market rental rates obtained by market research on rental valuation of similar properties in the vicinity carried out by AAC New Power.

Reasons for and benefits of entering into the Supplemental AAC New Power Lease Agreement:

Pursuant to the AAC New Power Lease Agreement, AAC New Power would be renting for the period from 1 July 2012 to 30 June 2013 an area comprising 15,894 sq.m. of construction area and 2,230 sq.m. of site area and for the period from 1 July 2013 to 31 December 2013 an area comprising 20,000 sq.m. of construction area and 2,230 sq.m. of site area of the Jiangsu Yuanyu (AAC New Power) Premises. However, as the lithium-ion battery materials research and development and testing production of AAC New Power has been running six months

ahead of schedule as previously expected, it is necessary to rent more space from 1 January 2013 onwards.

The Directors (including the independent non-executive Directors) are of the view that the Supplemental AAC New Power Lease Agreement was entered into in the ordinary and usual course of business of AAC New Power, on normal commercial terms and that the terms thereof (including the proposed annual cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole after taking into account the above factors.

(1B) AUDIO CHANGZHOU LEASE AGREEMENT

Date: 28 December 2012

Parties: (1) Audio Changzhou; and
(2) Jiangsu Yuanyu

Subject matter:

Jiangsu Yuanyu will lease to Audio Changzhou the Jiangsu Yuanyu (Audio Changzhou) Premises for the period from 1 January 2013 to 31 December 2014, comprising 2,656 sq.m. of construction area and 200 sq.m of site area at an annual rent of RMB735,456 (equivalent to approximately HK\$911,965) (i.e. monthly rent of RMB61,288 (equivalent to approximately HK\$75,997)).

Payment terms:

Audio Changzhou has agreed to pay the monthly rent to Jiangsu Yuanyu in arrears before the last day of each month.

Usage:

The leased premises is leased for industrial production use.

Proposed annual caps:

The Board intends to set the annual caps for the annual rent payable under the Audio Changzhou Lease Agreement as follows, which are determined based on the annual rent payable by Audio Changzhou under the Audio Changzhou Lease Agreement during the relevant years:

	Annual caps (in RMB)	
	For the year ending 31 December 2013	For the year ending 31 December 2014
Audio Changzhou Lease Agreement	RMB736,000 (equivalent to approximately HK\$912,640)	RMB736,000 (equivalent to approximately HK\$912,640)

Basis for determining the rent:

The Jiangsu Yuanyu (Audio Changzhou) Premises is leased from Jiangsu Yuanyu to Audio Changzhou on the rental basis of RMB 23 (equivalent to approximately HK\$28.52) per sq.m. of the construction area and RMB 1 (equivalent to approximately HK\$1.24) per sq.m. of the site area of the Jiangsu Yuanyu (Audio Changzhou) Premises. The rental rates under the Audio Changzhou Lease Agreement have been determined with reference to prevailing market rental rates obtained by market research on rental valuation of similar properties in the vicinity carried out by Audio Changzhou.

Reasons for and benefits of entering into the Audio Changzhou Lease Agreement:

The Jiangsu Yuanyu (Audio Changzhou) Premises is leased to provide space for the design and manufacture of headsets for potential customers of Audio Changzhou as the current facilities of Audio Changzhou cannot meet the increasing demand of headsets from its customers. The Jiangsu Yuanyu (Audio Changzhou) Premises is in close proximity to the other facilities of Audio Changzhou, which are beneficial to the overall business and operation of Audio Changzhou. In addition, the rental rate offered by Jiangsu Yuanyu is lower than the prevailing market rental rate, which will help to decrease the operation cost of Audio Changzhou.

The Directors (including the independent non-executive Directors) are of the view the Audio Changzhou Lease Agreement was entered into in the ordinary and usual course of business of Audio Changzhou, on normal commercial terms and that the terms thereof (including the proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole after taking into account the above factors.

(1C) NEW MICROTECH CHANGZHOU LEASE AGREEMENT

Date: 28 December 2012

Parties: (1) Microtech Changzhou; and
(2) Jiangsu Yuanyu

Subject matter:

Jiangsu Yuanyu will lease to Microtech Changzhou the Additional Jiangsu Yuanyu (Microtech Changzhou) Premises for the period from 1 January 2013 to 31 December 2014, comprising 1,500 sq.m. of construction area at an annual rent of RMB414,000 (equivalent to approximately HK\$513,360) (i.e. monthly rent of RMB34,500 (equivalent to approximately HK\$42,780)).

Payment terms:

Microtech Changzhou has agreed to pay the monthly rent to Jiangsu Yuanyu in arrears before the last day of each month.

Usage:

The leased premises is leased for industrial production use.

Proposed annual caps:

The Board intends to set the annual caps for the annual rent payable under the New Microtech Changzhou Lease Agreement as follows, which are determined based on the annual rent payable by Microtech Changzhou under the New Microtech Changzhou Lease Agreement during the relevant years:-

	Annual caps (in RMB)	
	For the year ending 31 December 2013	For the year ending 31 December 2014
New Microtech Changzhou Lease Agreement	RMB414,000 (equivalent to approximately HK\$513,360)	RMB414,000 (equivalent to approximately HK\$513,360)

Basis for determining the rent:

The Additional Jiangsu Yuanyu (Microtech Changzhou) Premises is leased from Jiangsu Yuanyu to Microtech Changzhou on the rental basis of RMB23 (equivalent to approximately HK\$28.52) per sq.m. of the construction area of the Additional Jiangsu Yuanyu (Microtech Changzhou) Premises. The rental rate under the New Microtech Changzhou Lease Agreement has been determined with reference to prevailing market rental rates obtained by market research on rental valuation of similar properties in the vicinity carried out by Microtech Changzhou.

Reasons for and benefits of entering into the New Microtech Changzhou Lease Agreement:

The Additional Jiangsu Yuanyu (Microtech Changzhou) Premises is leased to Microtech Changzhou for projects which involve the manufacture of small volume products (presently categorized as annual sales amount of under RMB5 million). The Additional Jiangsu Yuanyu (Microtech Changzhou) Premises is in close proximity to the other facilities of Microtech Changzhou, which are beneficial to the overall business and operation of Microtech Changzhou. In addition, the rental rate offered by Jiangsu Yuanyu is lower than the prevailing market rental rate, which will help to decrease the operation cost of Microtech Changzhou.

The Directors (including the independent non-executive Directors) are of the view that the New Microtech Changzhou Lease Agreement was entered into in the ordinary and usual course of business of Microtech Changzhou, on normal commercial terms and that the terms thereof (including the proposed annual caps) are fair and reasonable and in the interests of the Company and Shareholders as a whole after taking into account the above factors.

(2A) SUPPLEMENTAL CHANGZHOU LFY AGREEMENTS

Date: 1 March 2012

- Parties:**
- (1) AAC Changzhou;
 - (2) Audio Changzhou;
 - (3) Microtech Changzhou; and
 - (4) Changzhou LFY

Subject matter:

Reference is now made to the 28 December 2010 Announcement, wherein it was announced that, amongst others, the New Changzhou LFY Agreements dated 20 December 2010, which constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules, were entered into by the Group.

It was provided under the New Changzhou LFY Agreements that, amongst others, Changzhou LFY would for the period from 1 January 2011 to 31 December 2013, lease to (i) AAC Changzhou, an area comprising 416.6 sq.m. of factory area (the “**First Premises**”); (ii) Audio Changzhou, an area comprising 833.3 sq.m. of factory area (the “**Second Premises**”); (iii) Microtech Changzhou, areas comprising 5,946.1 sq.m. of factory area and 7,700 sq.m. of land area (the “**Third Premises**”); and (iv) Microtech Changzhou, areas comprising 2,900 sq.m. of factory area and 2,000 sq.m. of land area (the “**Fourth Premises**”), all within the New Changzhou LFY Premises. The aggregate annual rent payable under the New Changzhou LFY Agreements does not exceed RMB1,510,000 (equivalent to approximately HK\$1,872,400).

On 1 March 2012, AAC Changzhou, Audio Changzhou and Microtech Changzhou entered into the Supplemental Changzhou LFY Agreements with Changzhou LFY, pursuant to which AAC Changzhou, Audio Changzhou, Microtech Changzhou and Changzhou LFY agreed to revise the terms of the New Changzhou LFY Agreements to the effect that (a) the lease of the Fourth Premises has been early terminated with effect from 1 January 2012; and (b) for the period from 1 March 2012 to 31 December 2013, the rental rate for the factory areas of the First Premises, Second Premises and Third Premises has been revised from RMB10 per sq.m. (equivalent to approximately HK\$12.40) to RMB15 per sq.m. (equivalent to approximately HK\$18.60) and the rental rate for the land area of the Third Premises remains unchanged at RMB7,700 (equivalent to approximately HK\$9,548) per month. Save for the aforementioned, no other terms of the New Changzhou LFY Agreements was revised under the Supplemental Changzhou LFY Agreements. Upon execution of the Supplemental Changzhou LFY Agreements, the maximum aggregate annual rent payable under the New Changzhou LFY Agreements (as supplemented by the Supplemental Changzhou LFY Agreements) will not exceed RMB1,388,000 (equivalent to approximately HK\$1,721,120).

Payment terms:

The payment terms remain unchanged and the revised monthly rent as mentioned above will continue to be paid by AAC Changzhou, Audio Changzhou and Microtech Changzhou to Changzhou LFY before the 25th day of each month.

Usage:

The usage of the leased premises remains unchanged and will continue to be leased for industrial production use.

Proposed annual caps:

The Board intends to set the annual caps for annual rent payable under the New Changzhou LFY Agreements (as supplemented by the Supplemental Changzhou LFY Agreements) as follows, which are determined based on the annual rent payable by the Group under the New Changzhou LFY Agreements (as supplemented by the Supplemental Changzhou LFY Agreements) during the relevant years:-

Location	Member of the Group as tenant	Annual cap for the year ending 31 December 2012 (in RMB)	Annual cap for the year ending 31 December 2013 (in RMB)
New Changzhou LFY Premises			
416.6 sq.m. factory area	AAC Changzhou	RMB71,000 (equivalent to approximately HK\$88,040)	RMB 75,000 (equivalent to approximately HK\$93,000)
833.3 sq.m. factory area	Audio Changzhou	RMB142,000 (equivalent to approximately HK\$176,080)	RMB 150,000 (equivalent to approximately HK\$186,000)
5,946.1 sq.m. factory area and 7,700 sq.m. land area	Microtech Changzhou	RMB 1,104,000 (equivalent to approximately HK\$ 1,368,960)	RMB 1,163,000 (equivalent to approximately HK\$1,442,120)
	Total:	RMB 1,317,000 (equivalent to approximately HK\$ 1,633,080)	RMB 1,388,000 (equivalent to approximately HK\$1,721,120)

Basis for determining the rent:

Pursuant to the New Changzhou LFY Agreements (as supplemented by the Supplemental Changzhou LFY Agreements), the First Premises, Second Premises and Third Premises is leased from Changzhou LFY to AAC Changzhou, Audio Changzhou and Microtech Changzhou respectively at the rental basis of RMB15 (equivalent to approximately HK\$18.60) per sq.m. of factory area and in respect of the Third Premises RMB1 (equivalent to approximately HK\$1.24) per sq.m. of land area. The revised rental rate under the Supplemental Changzhou LFY Agreements as mentioned above was determined with reference to the then prevailing market rental rates obtained by market research on rental valuation of similar properties in the vicinity carried out by the Group.

Reasons for and benefits of entering into the Supplemental Changzhou LFY Agreements:

In accordance with the overall arrangement of manufacturing facilities of the Group, Microtech Changzhou early terminated the lease of the Fourth Premises with the consent of Changzhou LFY and its manufacturing equipments were relocated to other facilities of the Group. The Group agreed to revise the rental rate of the First Premises, Second Premises and Third Premises in order that Changzhou LFY agreed to early terminate the lease of the Fourth Premises before the expiration of its term. The maximum annual rent payable under the New Changzhou LFY Agreements (as supplemented by the Supplemental Changzhou LFY Agreements) would be reduced from approximately RMB1,510,000 (equivalent to approximately HK\$1,872,400) to approximately RMB1,388,000 (equivalent to approximately HK\$1,721,120) which is beneficial to the Group.

The Directors (including the independent non-executive Directors) are of the view that the Supplemental Changzhou LFY Agreements was entered into in the ordinary and usual course of business of the Group, on normal commercial terms and that the terms thereof (including the proposed annual caps) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole after taking into account the above factors.

(2B) OLD MICROTECH CHANGZHOU LEASE AGREEMENT

Date: 9 July 2012

Parties: (1) Microtech Changzhou; and
(2) Jiangsu Yuanyu

Subject matter:

Jiangsu Yuanyu leased to Microtech Changzhou the Jiangsu Yuanyu (Microtech Changzhou) Premises for the period from 10 July 2012 to 9 July 2014, comprising 1,250 sq.m. of construction area and 250 sq.m. of site area at an annual rent RMB318,000 (equivalent to approximately HK\$394,320) (i.e. monthly rent of RMB26,500 (equivalent to approximately HK\$32,860)).

Payment terms:

Microtech Changzhou agreed to pay the monthly rent to Jiangsu Yuanyu in arrears before the last day of each month.

Usage:

The Jiangsu Yuanyu (Microtech Changzhou) Premises was leased for research and development use.

Proposed annual caps:

The Board intends to set the annual caps for the annual rent payable under the Old Microtech Changzhou Lease Agreement as follows, which are determined based on the annual rent

payable by Microtech Changzhou under the Old Microtech Changzhou Lease Agreement during the relevant years:-

	Annual caps (in RMB)		
	For the year ending 31 December 2012	For the year ending 31 December 2013	For the year ending 31 December 2014
Old Microtech Changzhou Lease Agreement	RMB159,000 (equivalent to approximately HK\$197,160)	RMB318,000 (equivalent to approximately HK\$394,320)	RMB159,000 (equivalent to approximately HK\$197,160)

Basis for determining the rent:

The Jiangsu Yuanyu (Microtech Changzhou) Premises was leased from Jiangsu Yuanyu to Microtech Changzhou on the rental basis of RMB21 (equivalent to approximately HK\$26.04) per sq.m. of the construction area and RMB1 (equivalent to approximately HK\$1.24) per sq.m. of the site area of the Jiangsu Yuanyu (Microtech Changzhou) Premises. The rental rate under the Old Microtech Changzhou Lease Agreement was determined with reference to the then prevailing market rental rates obtained by market research on rental valuation of similar properties in the vicinity carried out by Microtech Changzhou.

Reasons for and benefits of entering into the Old Microtech Changzhou Lease Agreement:

The Jiangsu Yuanyu (Microtech Changzhou) Premises were leased to provide space for the research and development of acoustic products carried out by Microtech Changzhou. The Jiangsu Yuanyu (Microtech Changzhou) Premises is in close proximity to other facilities of Microtech Changzhou and relevant research institutes and laboratories located in 中國江蘇省常州市武進區常州科教城遠宇科技大廈 (Yuanyu Technologies Building, Science & Education Mega Center in Changzhou, Jiangsu Province, the PRC*) and other educational resources, which will be beneficial to the research and development activities carried out by Microtech Changzhou. In addition, the rental rate offered by Jiangsu Yuanyu is lower than the prevailing market rental rate, which will help to decrease the operation cost of Microtech Changzhou.

The Directors (including the independent non-executive Directors) are of the view that the Old Microtech Changzhou Lease Agreement was entered into in the ordinary and usual course of business of Microtech Changzhou, on normal commercial terms and that the terms thereof (including the proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole after taking into account the above factors.

(2C) AAC MODULE LEASE AGREEMENT

Date: 9 July 2012

Parties: (1) AAC Module; and
(2) Jiangsu Yuanyu

Subject matter:

Jiangsu Yuanyu leased to AAC Module the Jiangsu Yuanyu (AAC Module) Premises for the period from 10 July 2012 to 9 July 2014, comprising 1,250 sq.m. of construction area and 250 sq.m. of site area at an annual rent of RMB318,000 (equivalent to approximately HK\$394,320) (i.e. monthly rent of RMB26,500 (equivalent to approximately HK\$32,860)).

Payment terms:

AAC Module has agreed to pay the monthly rent to Jiangsu Yuanyu in arrears before the last day of each month.

Usage:

The Jiangsu Yuanyu (AAC Module) Premises were leased for research and development use.

Proposed annual caps:

The Board intends to set the annual caps for the annual rent payable under the AAC Module Lease Agreement as follows, which are determined based on the annual rent payable by AAC Module under the AAC Module Lease Agreement during the relevant years:-

	Annual caps (in RMB)		
	For the year ending 31 December 2012	For the year ending 31 December 2013	For the year ending 31 December 2014
AAC Module Lease Agreement	RMB159,000 (equivalent to approximately HK\$197,160)	RMB318,000 (equivalent to approximately HK\$394,320)	RMB159,000 (equivalent to approximately HK\$197,160)

Basis for determining the rent:

The Jiangsu Yuanyu (AAC Module) Premises were leased from Jiangsu Yuanyu to AAC Module on the rental basis of RMB21 (equivalent to approximately HK\$26.04) per sq.m. of the construction area and RMB1 (equivalent to approximately HK\$1.24) per sq.m. of the site area of the Jiangsu Yuanyu (AAC Module) Premises. The rental rates under the AAC Module Lease Agreement were determined with reference to the then prevailing market rental rates obtained by market research on rental valuation of similar properties in the vicinity carried out by AAC Module.

Reasons for and benefits of entering into the AAC Module Lease Agreement:

The Jiangsu Yuanyu (AAC Module) Premises were leased to provide space for the research and development of non-acoustic products carried out by AAC Module. The Jiangsu Yuanyu (AAC Module) Premises is in close proximity to other facilities of AAC Module and relevant research institutes and laboratories located in 中國江蘇省常州市武進區常州科教城遠宇科技大廈 (Yuanyu Technologies Building, Science & Education Mega Center in Changzhou, Jiangsu Province, the PRC*) and other educational resources, which will be beneficial to the

research and development activities carried out by AAC Module. In addition, the rental rate offered by Jiangsu Yuanyu is lower than the prevailing market rental rate, which will help to decrease the operation cost of AAC Module.

The Directors (including the independent non-executive Directors) are of the view that the AAC Module Lease Agreement was entered into in the ordinary and usual course of business of AAC Module, on normal commercial terms and that the terms thereof (including the proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole after taking into account the above factors.

II. IMPLICATIONS UNDER THE LISTING RULES

As at 28 December 2012, 21.72% of the equity interest of Jiangsu Yuanyu was held by Changzhou LFY, a company beneficially owned as to 50% by each of the Pan's Father and Pan's Mother; 30% of the equity interest of Jiangsu Yuanyu was held by Changzhou Yulai, a company beneficially owned as to 50% by each of the Pan's Father and Pan's Mother; and 48.28% of the equity interest of Jiangsu Yuanyu was held by Silver Island Limited, a company beneficially owned as to 100% by Mr. Pan, a Director. As such, Jiangsu Yuanyu was and still is an associate of Mr. Pan and therefore a connected person of the Company under Rule 14A.11(4) of the Listing Rules. The entering into of the Supplemental AAC New Power Lease Agreement, Audio Changzhou Lease Agreement and New Microtech Changzhou Lease Agreement as mentioned in sections (1A), (1B) and (1C) above constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at 1 March 2012 when the Supplemental Changzhou LFY Agreements as mentioned in section (2A) above were entered into, Changzhou LFY was a company beneficially owned as to 50% by each of Pan's Father and Pan's Mother. As Mr. Pan was then and still is a Director, Changzhou LFY was and still is an associate of Mr. Pan and therefore a connected person of the Company under Rule 14A.11(4) of the Listing Rules. The entering into of the Supplemental Changzhou LFY Agreements constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The entering into of the Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement with Jiangsu Yuanyu on 9 July 2012 as mentioned in sections (2B) and (2C) above also constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the time of entering into of each of the Supplemental Changzhou LFY Agreements, Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement as mentioned in sections (2A), (2B) and (2C) above, the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual rent payable by the Group under the Supplemental Changzhou LFY Agreements, Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement, even if required to be aggregated with each other under Rules 14A.25 and 14A.26 of the Listing Rules, were less than 0.1% and therefore, the Supplemental Changzhou LFY Agreements, the Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement were then exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements in accordance with Rule 14A.33 of the Listing Rules.

As Mr. Pan and Ms. Wu had a material interest in the continuing connected transactions contemplated under each of the Supplemental AAC New Power Lease Agreement, Audio Changzhou Lease Agreement, New Microtech Changzhou Lease Agreement, Supplemental Changzhou LFY Agreements, Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement, they have abstained from voting on the board resolutions of the Company in approving such agreements.

Since the Group further entered into three new agreements on 28 December 2012 relating to the lease of properties from connected persons, namely, the Supplemental AAC New Power Lease Agreement, Audio Changzhou Lease Agreement and New Microtech Changzhou Lease Agreement, the Board anticipates that the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Supplemental AAC New Power Lease Agreement, Audio Changzhou Lease Agreement, New Microtech Changzhou Lease Agreement, Supplemental Changzhou LFY Agreements, Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement, if required to be aggregated with each other under Rules 14A.25 and 14A.26 of the Listing Rules, will exceed 0.1% but will be less than 5%, the Supplemental AAC New Power Lease Agreement, Audio Changzhou Lease Agreement, New Microtech Changzhou Lease Agreement, Supplemental Changzhou LFY Agreements, Old Microtech Changzhou Lease Agreement and AAC Module Lease Agreement will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, the Board anticipates that the aggregate annual rent payable by the Group to the connected persons under all the existing lease agreements with such connected persons, i.e. the lease agreements disclosed in details in this announcement and the Other Existing Lease Agreements previously announced, will, based on the relevant annual caps under such aforementioned agreements, not exceed approximately RMB12,660,380 (equivalent to approximately HK\$15,698,871) for the year ended 31 December 2012; and RMB15,504,500 (equivalent to approximately HK\$19,225,580) for the year ended 31 December 2013.

III. GENERAL

The Group is one of the world's foremost vertically integrated manufacturers of miniature technology components. The Group designs, manufactures and distributes a comprehensive suite of receivers, speakers, speaker modules, multi-function devices, microphones, vibrators, headsets, antennas and ceramics components for use in mobile handsets, tablets, game consoles, notebook computers and other consumer electronics devices such as electronic book-readers, MP3 players and MP4 players. The Group offers wide-ranging innovative technology design solutions covering mobile telecommunications, IT products, consumer electronics, home appliances, automobile and medical applications markets.

Jiangsu Yuanyu is principally engaged in the research and development, provision of consulting services and as well as the transfer of technological know-how in the area of electronic technologies.

Changzhou LFY is principally engaged in the supply and sale of industrial manufacturing commodities.

AAC New Power is principally engaged in the research and development, manufacturing and sales of lithium-ion battery cells and battery packs including battery materials, as well as providing after-sales services for lithium-ion batteries produced by the Company.

Audio Changzhou is principally engaged in the research and development, manufacturing, sales and marketing of electronics components and electro-acoustic components.

Microtech Changzhou is principally engaged in the research and development, manufacturing, sales and marketing of new types of electronic components, including key components of digital cameras.

AAC Module is principally engaged in the research and development, manufacturing, sales and marketing of new non-acoustic components, and manufacturing and sales of precision tooling.

AAC Changzhou is principally engaged in the research and development, manufacturing, sales and marketing of electro-acoustic components.

IV. DEFINITIONS

“28 December 2010 Announcement”	the announcement of the Company dated 28 December 2010
“4 August 2011 Announcement”	the announcement of the Company dated 4 August 2011
“AAC Changzhou”	瑞聲聲學科技（常州）有限公司 (AAC Acoustic Technologies (Changzhou) Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
AAC Module	瑞聲精密製造科技（常州）有限公司 (AAC Module Technologies (Changzhou) Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
AAC Module Lease Agreement	the agreement entered into between AAC Module and Jiangsu Yuanyu, details of which are set out in the section headed “(2C) AAC MODULE LEASE AGREEMENT” of this announcement
“AAC New Power”	瑞聲新能源發展（常州）有限公司 (AAC New Power Development (Changzhou) Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
“AAC New Power Lease	the agreement entered into between AAC New Power and

Agreement”	Jiangsu Yuanyu, details of which are set out in the section headed “(4A) AAC NEW POWER LEASE AGREEMENT” of the 4 August 2011 Announcement
“Additional Jiangsu Yuanyu (Microtech Changzhou) Premises”	an area within the premises located at 中國江蘇省常州市武進區常州科教城遠宇科技大廈(Yuanyu Technologies Building, Science & Education Mega Center in Changzhou, Jiangsu Province, the PRC*), leased from Jiangsu Yuanyu to Microtech Changzhou under the New Microtech Changzhou Lease Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audio Changzhou”	常州美歐電子有限公司 (American Audio Components (Changzhou) Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
“Audio Changzhou Lease Agreement”	the agreement entered into between Audio Changzhou and Jiangsu Yuanyu, details of which are set out in the section headed “(1B) AUDIO CHANGZHOU LEASE AGREEMENT” of this announcement
“Board”	the board of Directors
“Changzhou LFY”	常州來方圓電子有限公司(Changzhou Laifangyuan Electronics Co., Ltd.)
“Changzhou Yulai”	常州市裕來電子有限公司(Changzhou Yulai Electronics Co., Ltd.*)
“Company”	AAC Technologies Holdings Inc., a company incorporated in the Cayman Islands as an exempted company with limited liability on 4 December 2003 and whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	Shareholders other than the connected person(s) who is/are interested in the relevant transactions

“Jiangsu Yuanyu”	江蘇遠宇電子集團有限公司(Jiangsu Yuanyu Electronics Group Co., Ltd.*)
“Jiangsu Yuanyu (AAC New Power) Premises”	certain areas within the premises located at 中國江蘇省常州市武進區常州科教城遠宇科技大廈 (Yuanyu Technologies Building, Science & Education Mega Center in Changzhou, Jiangsu Province, the PRC*), leased from Jiangsu Yuanyu to AAC New Power under the AAC New Power Lease Agreement or upon the signing of the Supplemental AAC New Power Lease Agreement, under the AAC New Power Lease Agreement (as supplemented by the Supplemental AAC New Power Lease Agreement)
“Jiangsu Yuanyu (Audio Changzhou) Premises”	certain areas within the premises located at 中國江蘇省常州市武進區常州科教城遠宇科技大廈 (Yuanyu Technologies Building, Science & Education Mega Center in Changzhou, Jiangsu Province, the PRC*), leased from Jiangsu Yuanyu to Audio Changzhou under the Audio Changzhou Lease Agreement
“Jiangsu Yuanyu (AAC Module) Premises”	certain areas within the premises located at 中國江蘇省常州市武進區常州科教城遠宇科技大廈 (Yuanyu Technologies Building, Science & Education Mega Center in Changzhou, Jiangsu Province, the PRC*), leased from Jiangsu Yuanyu to AAC Module under the AAC Module Lease Agreement
Jiangsu Yuanyu (Microtech Changzhou) Premises	certain areas within the premises located at 中國江蘇省常州市武進區常州科教城遠宇科技大廈 (Yuanyu Technologies Building, Science & Education Mega Center in Changzhou, Jiangsu Province, the PRC*), leased from Jiangsu Yuanyu to Microtech Changzhou under the Old Microtech Changzhou Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Microtech Changzhou”	瑞聲光電科技（常州）有限公司 (AAC Microtech (Changzhou) Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
“Mr. Pan”	Mr. Benjamin Zhengmin Pan, an executive Director
“Ms. Wu”	Ms. Ingrid Chunyuan Wu, a non-executive Director and the spouse of Mr. Pan
“New Changzhou LFY Premises”	certain premises located in Changzhou, Jiangsu Province, the PRC with the address as Gang Qiao Bridge, Nanxiashu Town,

	Wujing District, Changzhou, the PRC
“New Microtech Changzhou Lease Agreement”	the agreement entered into between Microtech Changzhou and Jiangsu Yuanyu, details of which are set out in the section headed “(1C) NEW MICROTECH CHANGZHOU LEASE AGREEMENT” of this announcement
“New Changzhou LFY Agreements”	the agreements dated 20 December 2010 entered into between the Group and Changzhou LFY, details of which are set out in the section headed “NEW CHANGZHOU LFY AGREEMENTS” of the 28 December 2010 Announcement
“Old Microtech Changzhou Lease Agreement”	the agreement entered into between Microtech Changzhou and Jiangsu Yuanyu, details of which are set out in the section headed “(2B) OLD MICROTECH CHANGZHOU LEASE AGREEMENT” of this announcement
“Other Existing Lease Agreements”	the New Shenzhen Yuanyu Agreement, New Wu’s Mother Agreements and American Audio Agreement as disclosed in the 28 December 2010 Announcement and AAC Biotechnology Lease Agreement as disclosed in the 4 August 2011 Announcement
“Pan’s Father”	Mr. Pan Zhonglai, father of Mr. Pan
“Pan’s Mother”	Ms. Xie Yufang, mother of Mr. Pan
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the registered holder(s) of share(s) of the Company
“Silver Island Limited”	a company beneficially owned as to 100% by Mr. Pan
“Supplemental AAC New Power Lease Agreement”	the agreement entered into between AAC New Power and Jiangsu Yuanyu, details of which are set out in the section headed “(1A) SUPPLEMENTAL AAC NEW POWER LEASE AGREEMENT” of this announcement
“Supplemental Changzhou LFY Agreements”	The supplemental agreements entered into between AAC Changzhou, Audio Changzhou, Microtech Changzhou and Changzhou LFY, details of which are set out in the section headed “(2A) SUPPLEMENTAL CHANGZHOU LFY AGREEMENTS” of this announcement

“sq.m.” square meter

“Stock Exchange” The Stock Exchange of Hong Kong Limited

**For identification purposes only.*

Note: For information purposes only, the translations of RMB to HK\$ and US\$ to HK\$ in this announcement is based at the rates of RMB1.00 to HK\$1.24 and US\$ 1.00 to HK\$ 7.75.

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

Hong Kong, 31 December 2012

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.