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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

Background

Since the Company obtained its listing on the Stock Exchange in August 2005, the Company in its conduct of normal business, had entered into transactions with connected persons. In this respect, the Board of Directors of the Company had held the view that the transactions were entered into in the ordinary and usual course of business of the Group, on normal commercial terms and the terms of the transactions were fair and reasonable and in the interests of the Company and the Shareholders as a whole. Directors who had material interests in the transactions abstained from voting on the board resolutions of the Company in approving such transactions and all transactions had been duly approved by the Board. As appropriate, the Company has complied with the requirements of the Listing Rules and, among other things, made disclosure announcements in respect of various continuing connected transactions with connected persons of the Company.

The 2014 Shenzhen Yuanyu Agreements, the 2014 Wu's Mother Agreements and the Other Existing Lease CCTs were entered into in accordance with the relevant agreements governing the transactions and were previously disclosed by the Company in the 2013 Announcement.

As the Group continues to grow, there is a need to make arrangements for its production sites to continue to align with its overall production plans, such as the production sites of microphones in Shenzhen, PRC and the expansion of the Shenzhen headquarter office in the PRC. The Company is extending the terms of the lease agreements for the factory premises located in Nanyou Tian'an Industry Zone, Nanshan, Shenzhen, PRC and the headquarter office in Nanda Building, Nanshan, Shenzhen, PRC. Accordingly, the Group has on 27 August 2014, entered into the Supplemental 2014 Shenzhen Yuanyu Agreements and the Supplemental 2014 Wu's Mother Agreements.

SUPPLEMENTAL 2014 SHENZHEN YUANYU AGREEMENTS

Reference is made to the 2013 Announcement, where it disclosed, among other things, that the 2014 Shenzhen Yuanyu Agreements dated 20 December 2013 were entered into between two members of the Group (being AAC Shenzhen and AAC Kaitai) and Shenzhen Yuanyu, pursuant to which Shenzhen Yuanyu agreed to lease (i) the premises located at Nanyou

Tian'an Industry Zone, Nanshan, Shenzhen, PRC (the “**Shenzhen Yuanyu Nanyou Premises**”), to AAC Shenzhen as part of its factory for a period of one and a half years commencing from 1 January 2014 to 30 June 2015; and (ii) the premises located at Nanda Building, Nanshan, Shenzhen, PRC (the “**Shenzhen Yuanyu Nanda Premises**”), to AAC Shenzhen and AAC Kaitai as their offices for a period of three years commencing from 1 January 2014 to 31 December 2016.

On 27 August 2014, two members of the Group (i.e. AAC Shenzhen and AAC Kaitai) and Shenzhen Yuanyu entered into the Supplemental 2014 Shenzhen Yuanyu Agreements, pursuant to which they agreed to (i) extend the term of the lease for the Shenzhen Yuanyu Nanyou Premises to three years, commencing from 1 January 2014 to 31 December 2016 and increase the monthly rental for the aforementioned premises from RMB50 to RMB65 per sq.m. from 1 July 2015 onwards; and (ii) increase the rental area of the Shenzhen Yuanyu Nanda Premises by 2,460.47 sq.m. from 1 January 2015 onwards, the details of which are set out in the section headed “(1) SUPPLEMENTAL 2014 SHENZHEN YUANYU AGREEMENTS” below.

SUPPLEMENTAL 2014 WU’S MOTHER AGREEMENTS

Reference is also made to the 2014 Wu's Mother Agreements as disclosed in the 2013 Announcement which were entered into between AAC Shenzhen and Wu's Mother, pursuant to which Wu's Mother agreed to renew the lease of certain properties located at Nanyou Tian'an Industry Zone, Nanshan, Shenzhen, PRC, to AAC Shenzhen as part of its factory for periods (i) commencing from 1 January 2014 to 31 December 2016 (in respect of 1st Floor and 2nd Floor, Block 8) and (ii) commencing from 1 January 2014 to 30 June 2015 (in respect of 3rd Floor, Block 8 and 6th Floor, Block 5).

On 27 August 2014, AAC Shenzhen and Wu's Mother entered into the Supplemental 2014 Wu's Mother Agreements, pursuant to which they agreed to extend the term of the lease for the premises of 3rd Floor, Block 8 and 6th Floor, Block 5 to three years, commencing from 1 January 2014 to 31 December 2016 and increase the monthly rental for the aforementioned premises from RMB50 to RMB65 per sq.m. from 1 July 2015 onwards, the details of which are set out in the section headed “(2) SUPPLEMENTAL 2014 WU’S MOTHER AGREEMENTS” below.

As Mr. Pan and Ms. Wu have a material interest in the continuing connected transactions contemplated under the 2014 Shenzhen Yuanyu Agreements (as supplemented by the Supplemental 2014 Shenzhen Yuanyu Agreements) and the 2014 Wu's Mother Agreements (as supplemented by the Supplemental 2014 Wu's Mother Agreements), they have abstained from voting on the board resolutions of the Company in approving the 2014 Supplemental Agreements.

As the Board anticipates that the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under the 2014 Wu's Mother Agreements (as supplemented by the Supplemental 2014 Wu's Mother Agreements) and the 2014 Shenzhen Yuanyu Agreements (as supplemented by the Supplemental 2014 Shenzhen Yuanyu Agreements) (if required to be aggregated with the Other Existing Lease CCTs under Rules 14A.81 and 14A.82 of the Listing Rules) will exceed 0.1% but will be less than 5%, each of the 2014 Wu's Mother Agreements (as supplemented by the Supplemental 2014 Wu's Mother Agreements) and the 2014 Shenzhen Yuanyu Agreements (as supplemented by the Supplemental 2014 Shenzhen Yuanyu Agreements) will be subject to the reporting, announcement and annual review requirements

but exempt from the circular (including independent financial advice) and 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 2014 Supplemental 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 relevant annual caps as set out in this announcement) 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.

I. CONTINUING CONNECTED TRANSACTIONS

(1) SUPPLEMENTAL 2014 SHENZHEN YUANYU AGREEMENTS

As stated in the 2013 Announcement, two members of the Group (AAC Shenzhen and AAC Kaitai) and Shenzhen Yuanyu entered into the 2014 Shenzhen Yuanyu Agreements, pursuant to which Shenzhen Yuanyu agreed to lease (i) the Shenzhen Yuanyu Nanyou Premises to AAC Shenzhen as part of its factory for a period of one and a half years commencing from 1 January 2014 to 30 June 2015; and (ii) the Shenzhen Yuanyu Nanda Premises to AAC Shenzhen and AAC Kaitai as their offices for a period of three years commencing from 1 January 2014 to 31 December 2016, details of which are as follows:

Location	Member(s) of the Group as tenant(s)	Annual rent payable (RMB)			Annual caps (RMB)		
		For the year ending 31 December 2014	For the year ending 31 December 2015	For the year ending 31 December 2016	For the year ending 31 December 2014	For the year ending 31 December 2015	For the year ending 31 December 2016
Shenzhen Yuanyu Nanyou Premises							
5th-7th Floor, Block 6 (6,150 sq.m.)	AAC Shenzhen	3,690,000	1,845,000	0	3,700,000	1,850,000	0
Shenzhen Yuanyu Nanda Premises							
1st, 6th-10th Floor and Roof Top, Block A and 6-8 Floor, Block C (9,656.41 sq.m.)	AAC Shenzhen and AAC Kaitai	10,081,296	10,081,296	10,081,296	10,082,000	10,082,000	10,082,000
Total:		13,771,296	11,926,296	10,081,296	13,782,000	11,932,000	10,082,000

On 27 August 2014, two members of the Group (AAC Shenzhen and AAC Kaitai) and Shenzhen Yuanyu entered into the Supplemental 2014 Shenzhen Yuanyu Agreements, pursuant to which they agreed to (i) extend the term of the lease for the Shenzhen Yuanyu Nanyou Premises to three years, commencing from 1 January 2014 to 31 December 2016 and increase the monthly rental for the aforementioned premises from RMB50 to RMB65 per sq.m. from 1 July 2015 onwards; and (ii) increase the rental area of the Shenzhen Yuanyu

Nanda Premises by 2,460.47 sq.m. from 1 January 2015 onwards.

The Shenzhen Yuanyu Nanyou Premises have a total construction area of 6,150 sq.m. and are leased on a rental rate of RMB50 per sq.m. per month from 1 January 2014 to 30 June 2015 and of RMB65 per sq.m. per month from 1 July 2015 to 31 December 2016.

The leased area under the Shenzhen Yuanyu Nanda Premises has a total area of 9,656.41 sq.m. until 31 December 2014 and from 1 January 2015 until 31 December 2016, the total area will be increased to 12,116.88 sq.m. and are leased on a rental rate of RMB87 per sq.m. per month from 1 January 2014 to 31 December 2016.

Details of the 2014 Shenzhen Yuanyu Agreements (as supplemented by the Supplemental 2014 Shenzhen Yuanyu Agreements) are as follows:

Location	Member(s) of the Group as tenant(s)	Annual rent payable (RMB)			Annual caps (RMB)		
		For the year ending 31 December 2014	For the year ending 31 December 2015	For the year ending 31 December 2016	For the year ending 31 December 2014	For the year ending 31 December 2015	For the year ending 31 December 2016
Shenzhen Yuanyu Nanyou Premises							
5th-7th Floor, Block 6 (6,150 sq.m.)	AAC Shenzhen	3,690,000	4,243,500	4,797,000	3,700,000	4,244,000	4,800,000
Shenzhen Yuanyu Nanda Premises							
<i>See Note</i>	AAC Shenzhen and AAC Kaitai	10,081,296	12,650,023	12,650,023	10,082,000	12,651,000	12,651,000
Total:		13,771,296	16,893,523	17,447,023	13,782,000	16,895,000	17,451,000

Note : For the year ending 31 December 2014: 1st, 6th-10th Floor and Roof Top, Block A and 6-8 Floor, Block C (totaling 9,656.41 sq.m.) and for each of the two years ending 31 December 2015 and 2016: 1st, 4th, 6th-10th Floor and Roof Top, Block A and 6-8 Floor, Block C (totaling 12,116.88 sq.m.).

Pursuant to the 2014 Shenzhen Yuanyu Agreements (as supplemented by the Supplemental 2014 Shenzhen Yuanyu Agreements), AAC Shenzhen and AAC Kaitai shall pay Shenzhen Yuanyu the rent before the tenth day of each month on a monthly basis.

The aforesaid revised rental rates have been determined with reference to the rental rates under the 2014 Shenzhen Yuanyu Agreements and taking into account the prevailing market rental rates obtained by market research on rental valuation of similar properties in the vicinity carried out by AAC Shenzhen and AAC Kaitai. The annual caps for the 2014 Shenzhen Yuanyu Agreements (as supplemented by the Supplemental 2014 Shenzhen Yuanyu Agreements) are determined by multiplying the total construction area / area to be leased by the aforesaid revised rental rates per sq.m. per month.

Based on the annual rent payable under the 2014 Shenzhen Yuanyu Agreements (as supplemented by the Supplemental 2014 Shenzhen Yuanyu Agreements), the annual caps in

respect of the annual rent payable thereunder will be RMB13,782,000, RMB16,895,000 and RMB17,451,000 for each of the three years ending 31 December 2016 respectively.

(2) SUPPLEMENTAL 2014 WU'S MOTHER AGREEMENTS

As stated in the 2013 Announcement, AAC Shenzhen and Wu's Mother entered into the 2014 Wu's Mother Agreements, pursuant to which Wu's Mother agreed to renew the lease of certain properties located at Nanyou Tian'an Industry Zone, Nanshan, Shenzhen, PRC, to AAC Shenzhen as part of its factory for periods (i) commencing from 1 January 2014 to 31 December 2016 (in respect of 1st Floor and 2nd Floor, Block 8) and (ii) commencing from 1 January 2014 to 30 June 2015 (in respect of 3rd Floor, Block 8 and 6th Floor, Block 5), details of which are as follows:

Location	Annual rent payable (RMB)			Annual caps (RMB)		
	For the year ending 31 December 2014	For the year ending 31 December 2015	For the year ending 31 December 2016	For the year ending 31 December 2014	For the year ending 31 December 2015	For the year ending 31 December 2016
1st Floor, Block 8 and 2nd Floor, Block 8 (2,140 sq.m. in total)	1,746,240	1,746,240	1,746,240	1,747,000	1,747,000	1,747,000
3rd Floor, Block 8 (1,370 sq.m.)	822,000	411,000	0	822,000	411,000	0
6th Floor, Block 5 (approx. 2,050 sq.m.)	1,229,742	614,871	0	1,230,000	615,000	0
TOTAL:	3,797,982	2,772,111	1,746,240	3,799,000	2,773,000	1,747,000

On 27 August 2014, AAC Shenzhen and Wu's Mother enter into the Supplemental 2014 Wu's Mother Agreements, pursuant to which they agreed to extend the term of the lease for the premises of 3rd Floor, Block 8 and 6th Floor, Block 5 to three years, commencing from 1 January 2014 to 31 December 2016 and increase the monthly rental for the aforementioned premises from RMB50 to RMB65 per sq.m. per month from 1 July 2015 onwards.

The properties under the 2014 Wu's Mother Agreements (as supplemented by the Supplemental 2014 Wu's Mother Agreements) have a total construction area of approximately 5,560 sq.m. and are leased on a rental basis of (i) RMB50 per sq.m. per month for the period of 1 January 2014 to 30 June 2015 and RMB65 for the period of 1 July 2015 to 31 December 2016 (in respect of 3rd Floor, Block 8 and 6th Floor, Block 5 only) and (ii) RMB68 per sq.m. per month for the period from 1 January 2014 to 31 December 2016 (in respect of 1st Floor and 2nd Floor, Block 8 only).

Details of the 2014 Wu's Mother Agreements (as supplemented by the Supplemental 2014 Wu's Mother Agreements) are as follows:

Location	Annual rent payable (RMB)			Annual caps (RMB)		
	For the year ending 31 December 2014	For the year ending 31 December 2015	For the year ending 31 December 2016	For the year ending 31 December 2014	For the year ending 31 December 2015	For the year ending 31 December 2016
1st Floor, Block 8 and 2nd Floor, Block 8 (2,140 sq.m. in total)	1,746,240	1,746,240	1,746,240	1,747,000	1,747,000	1,747,000
3rd Floor, Block 8 (1,370 sq.m.)	822,000	945,300	1,068,600	822,000	946,000	1,069,000
6th Floor, Block 5 (approx. 2,050 sq.m.)	1,229,742	1,414,203	1,598,665	1,230,000	1,415,000	1,600,000
TOTAL:	3,797,982	4,105,743	4,413,505	3,799,000	4,108,000	4,416,000

Pursuant to the 2014 Wu's Mother Agreements (as supplemented by the Supplemental 2014 Wu's Mother Agreements), AAC Shenzhen shall pay Wu's Mother before the fifteenth day of each month on a monthly basis.

The aforesaid revised rental rates have been determined with reference to the rental rates under the 2014 Wu's Mother Agreements and taking into account the prevailing market rental rates obtained by market research on rental valuation of similar properties in the vicinity carried out by AAC Shenzhen. The annual caps for the 2014 Wu's Mother Agreements (as supplemented by the Supplemental 2014 Wu's Mother Agreements) are determined by multiplying the total construction area to be leased by the aforesaid respective rental rates per sq.m. per month.

Based on the annual rent payable under the 2014 Wu's Mother Agreements (as supplemented by the Supplemental 2014 Wu's Mother Agreements), the annual caps in respect of the annual rent payable thereunder will be RMB3,799,000, RMB4,108,000 and RMB4,416,000 for each of the three years ending 31 December 2016 respectively.

REASONS AND BENEFITS FOR THE ENTERING INTO OF THE 2014 SUPPLEMENTAL AGREEMENTS

The entering into of the 2014 Supplemental Agreements is based on the following reasons: i) as the Group's business is growing continuously, the Group has the need to expand rented spaces of its headquarter office in Shenzhen, PRC to accommodate more staff; ii) to align with the overall arrangement of production sites of the Group, the Group continues to place its production sites of microphones in Shenzhen, PRC and therefore extends the terms for the leases agreements for the factory premises located in Nanyou Tian'an Industry Zone, Nanshan, Shenzhen, PRC. The Directors (including independent non-executive Directors) are of the view that the entering into of each of the 2014 Supplemental Agreements would facilitate the Group to continue its production and operating activities at such locations which are located in close proximity to the other facilities of the Group and therefore facilitate the business operations of the Group overall. They also consider that the entering into of the aforementioned supplemental agreements is beneficial to the overall business operations of the Group. In addition, the terms offered to the Group in each of the 2014 Supplemental Agreements are no less favorable than terms offered by other independent third parties.

The Directors (including independent non-executive Directors) are of the view that each of the 2014 Supplemental 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 relevant respective annual caps as set out in this announcement) are fair and reasonable and in the interests of the Group and the Shareholders as a whole after taking into account the factors stated in this announcement.

II. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Shenzhen Yuanyu is a company wholly-owned by Wu's Mother. As Wu's Mother is the mother of Ms. Wu, a Director and therefore a connected person of the Company, Wu's Mother is an associate of Ms. Wu and therefore a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Pursuant to Rule 14A.07(4) of the Listing Rules, Shenzhen Yuanyu is also an associate of Ms. Wu and therefore a connected person of the Company. As such, the entering into of the 2014 Supplemental Agreements constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As Mr. Pan and Ms. Wu have a material interest in the continuing connected transactions contemplated under the 2014 Shenzhen Yuanyu Agreements (as supplemented by the Supplemental 2014 Shenzhen Yuanyu Agreements) and 2014 Wu's Mother Agreements (as supplemented by the Supplemental 2014 Wu's Mother Agreements), they have abstained from voting on the board resolutions of the Company in approving the 2014 Supplemental Agreements.

As the Board anticipates that the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under the 2014 Wu's Mother Agreements (as supplemented by the Supplemental 2014 Wu's Mother Agreements) and the 2014 Shenzhen Yuanyu Agreements (as supplemented by the Supplemental 2014 Shenzhen Yuanyu Agreements) (if required to be aggregated with the Other Existing Lease CCTs under Rules 14A.81 and 14A.82 of the Listing Rules) will exceed 0.1% but will be less than 5%, each of the 2014 Wu's Mother Agreements (as supplemented by the Supplemental 2014 Wu's Mother Agreements) and the 2014 Shenzhen Yuanyu Agreements (as supplemented by the Supplemental 2014 Shenzhen Yuanyu Agreements) will be subject to the reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

V. GENERAL

The Group is one of the world's foremost vertically integrated manufacturers of miniature 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. The Group offers wide-ranging innovative technology design solutions covering mobile telecommunications, IT products, consumer electronics, home appliances, automobile and medical applications markets.

Shenzhen Yuanyu is principally engaged in the supply and sale of domestic commodities and trading businesses.

VI. DEFINITIONS

In this announcement, the following expressions bear their respective meanings unless the context otherwise requires:

“2013 Announcement”	the announcement of the Company dated 20 December 2013
“2014 Shenzhen Yuanyu Agreements”	the agreement entered into between AAC Shenzhen and Shenzhen Yuanyu and the agreement entered into between AAC Shenzhen, AAC Kaitai and Shenzhen Yuanyu, details of which are set out in the section headed "2014 SHENZHEN YUANYU AGREEMENTS" of the 2013 Announcement
“2014 Supplemental Agreements”	the Supplemental 2014 Shenzhen Yuanyu Agreements and the Supplemental 2014 Wu’s Mother Agreements
“2014 Wu’s Mother Agreements”	the agreements entered into between AAC Shenzhen and Wu's Mother, details of which are set out in the section headed "2014 WU'S MOTHER AGREEMENTS" of the 2013 Announcement
“AAC Kaitai”	瑞聲開泰（深圳）科技發展有限公司（AAC Kaitai (Shenzhen) Sci-Tech Development Co., Ltd.*)（previously known as 瑞聲開泰（深圳）貿易有限公司），an indirect wholly-owned subsidiary of the Company
“AAC Shenzhen”	瑞聲聲學科技（深圳）有限公司（AAC Acoustic Technologies (Shenzhen) Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	AAC Technologies Holdings, Inc., a company incorporated in the Cayman Islands 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)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Pan”	Mr. Benjamin Zhangmin Pan, an executive Director
“Ms. Wu”	Ms. Ingrid Chunyuan Wu, a non-executive Director and the spouse of Mr. Pan
“Other Existing Lease	the transactions contemplated under the 2014 Changzhou LFY

CCTs”		Agreements and the 2014 Jiangsu Yuanyu Agreements (both as defined in the 2013 Announcement)
“PRC”		the People’s Republic of China and for the purpose of this announcement, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”		Renminbi, the lawful currency of the PRC
“Shareholder(s)”		the registered holder(s) of share(s) of the Company
“Shenzhen Yuanyu”		深圳市遠宇實業發展有限公司 (Shenzhen Yuanyu Industrial Development Co., Ltd.*), which is wholly-owned by Wu’s Mother
“sq.m.”		square meter
“Stock Exchange”		The Stock Exchange of Hong Kong Limited
“Supplemental Shenzhen Agreements”	2014 Yuanyu	the supplemental agreements to the 2014 Shenzhen Yuanyu Agreements entered into by AAC Shenzhen and/or AAC Kaitai with Shenzhen Yuanyu, details of which are set out in the section headed "(1) SUPPLEMENTAL 2014 SHENZHEN YUANYU AGREEMENTS" of this announcement
“Supplemental Wu’s Agreements”	2014 Mother	the supplemental agreements to the 2014 Wu’s Mother Agreements entered into between AAC Shenzhen and Wu’s Mother, details of which are set out in the section headed "(2) SUPPLEMENTAL 2014 WU'S MOTHER AGREEMENTS" of this announcement
“Wu’s Mother”		Ms. Ye Huamei, mother of Ms. Wu

**For identification purposes only.*

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

Hong Kong, 27 August 2014

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.