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瑞聲科技控股有限公司
AAC TECHNOLOGIES HOLDINGS INC.

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 2018)

CONNECTED TRANSACTIONS
AND
CONTINUING CONNECTED TRANSACTIONS

BACKGROUND OF THE RENEWED AGREEMENTS

Reference is made to the announcements dated 16 December 2016 and 10 November 2017 in relation to the 2017 Master Lease Agreements and 2017 Master Purchase Agreements. The 2017 Master Lease Agreements and the 2017 Master Purchase Agreements will expire on 31 December 2019.

Having considered the commercial operating interests of the Company and the fair terms for renewing the four existing leases and three purchase agreements of the 2017 Master Lease Agreements and 2017 Master Purchase Agreements, the Board is pleased to announce that the Company has entered into the 2020 Master Lease Agreements and the 2020 Master Purchase Agreements with its connected persons on 20 December 2019.

The 2020 Master Lease Agreements include:

1. the 2020 Shenzhen Yuanyu Master Lease Agreement, which renews the existing leases of the Shenzhen Yuanyu Nanda Premises;
2. the 2020 Changzhou LFY Master Lease Agreement, which renews the existing lease of the Changzhou LFY Gang Qiao Premises;
3. the 2020 Jiangsu Yuanyu Master Lease Agreement, which renews the existing lease of the Jiangsu Yuanyu Technologies Buildings Premises; and
4. the 2020 HVPC Master Lease Agreement, which renews the existing lease of the HVPC Premises.

The 2020 Master Purchase Agreements include:

5. the 2020 Changzhou Lingdi and HVPC Master Purchase Agreement, which renews the existing purchasing arrangement with HGCJ in Vietnam through its wholly-owned subsidiary HVPC, and establishing a purchasing arrangement with Changzhou Lingdi, which will assume the production facilities, production know-how and employees of HGCJ in the PRC with effect from 1 January 2020;
6. the 2020 Changzhou Yousheng Master Purchase Agreement, which renews the existing purchasing arrangement with Changzhou Yousheng; and
7. the 2020 YDL Materials Master Purchase Agreement, which renews the existing purchasing arrangement with Chengdu ZKLP (currently known as YDL Materials).

LISTING RULES IMPLICATIONS

The counterparties under the 2020 Master Lease Agreements and the 2020 Master Purchase Agreements are all companies that are majority controlled by family members of Mr. Benjamin Pan and Ms. Ingrid Wu (together the “**Interested Directors**”). Mr. Benjamin Pan and Ms. Ingrid Wu are Directors and controlling Shareholders of the Company. Therefore the said counterparties are connected persons of the Company by virtue of them being associates of the Interested Directors under Chapter 14A of the Listing Rules, and the leases contemplated under the 2020 Master Lease Agreements constitute connected transactions and the transactions contemplated under the 2020 Master Purchase Agreements constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratio(s) as defined under Rule 14.07 of the Listing Rules in respect of the value of the right-of-use assets (unaudited) of the leased premises under the 2020 Master Lease Agreements and the maximum annual caps for the transactions contemplated under the 2020 Master Purchase Agreements exceed(s) 0.1% but all of them are less than 5%, the lease transactions contemplated under the 2020 Master Lease Agreements and the transactions contemplated under the 2020 Master Purchase Agreements are therefore subject to the reporting and announcement requirements but are exempt from circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

I. BACKGROUND

Reference is made to the announcements dated 16 December 2016 and 10 November 2017 in relation to the 2017 Master Lease Agreements and 2017 Master Purchase Agreements. As previously disclosed, the 2017 Master Lease Agreements and the 2017 Master Purchase Agreements will expire on 31 December 2019. To ensure that the Group can continue its production and operating activities at the current locations, which are either currently being used as the Group's operational premises or are located in close proximity to the Group's other premises, and to ensure that the Group can continue purchasing the materials and products that comply with the specifications and requirements of the Group, the Company entered into the 2020 Master Lease Agreements and the 2020 Master Purchase Agreements on 20 December 2019 with its connected persons. Details of the 2020 Master Lease Agreements and the 2020 Master Purchase Agreements are set out below.

II. THE 2020 MASTER LEASE AGREEMENTS

1. The 2020 Shenzhen Yuanyu Master Lease Agreement

The Company and Shenzhen Yuanyu, a company wholly-owned by Wu's Mother, entered into the 2017 Shenzhen Yuanyu Master Lease Agreement on 16 December 2016, pursuant to which Shenzhen Yuanyu agreed to lease certain premises located at Nanda Buildings, Nanshan, Shenzhen, the PRC (the "Shenzhen Yuanyu Nanda Premises") to the Group for a period of three years commencing from 1 January 2017 and ending on 31 December 2019.

Historical figures

The annual caps under the 2017 Shenzhen Yuanyu Master Lease Agreement, the actual amounts paid by the Group for the years ended 31 December 2017 and 2018, and the expected amount paid and payable for the year ending 31 December 2019 are set out below:

	For the year ended 31 December 2017	For the year ended 31 December 2018	For the year ending 31 December 2019 (expected)
	RMB	RMB	RMB
Annual caps	12,168,000	12,168,000	12,168,000
Annual rent paid or payable	12,167,000	12,167,000	12,168,000

None of the aforesaid transaction amounts have exceeded or will exceed their applicable annual caps.

Key terms of the renewed lease

The Group will continue to lease the Shenzhen Yuanyu Nanda Premises after the expiry of the 2017 Shenzhen Yuanyu Master Lease Agreement and will lease additional space at the Shenzhen Yuanyu Nanda Premises. On 20 December 2019, the Company and Shenzhen Yuanyu entered into the 2020 Shenzhen Yuanyu Master Lease Agreement, pursuant to which Shenzhen Yuanyu agreed to lease certain premises located at the Shenzhen Yuanyu Nanda Premises to the Group for a period of three years commencing from 1 January 2020 and ending on 31 December 2022, and the key terms are set out below:

Property	:	The Shenzhen Yuanyu Nanda Premises. The total leased floor area is approximately 10,540.96 sq.m.
Usage	:	Offices
Rent (inclusive of VAT)	:	RMB105.0 per sq.m. per month for the years ending 31 December 2020 and 2021 and RMB111.3 per sq.m. for the year ending 31 December 2022. The expected annual rents payable for the years ending on 31 December 2020, 2021 and 2022 are RMB13,282,000, RMB13,282,000 and RMB14,079,000

Value of right-of-use assets

The Group has applied IFRS 16 in respect to its leases. The leases contemplated under the 2020 Master Lease Agreements will be recognised as right-of-use assets by the Company. Based on a preliminary assessment by the management of the Company pursuant to IFRS 16, which has not been reviewed or audited by the auditors of the Company, the value of the right-of-use assets (unaudited) for the Shenzhen Yuanyu Nanda Premises to be leased by the Group would be approximately RMB36,422,000.

2. The 2020 Changzhou LFY Master Lease Agreement

The Company and Changzhou LFY, a company owned as to 50% by each of Pan's Father and Pan's Mother, entered into the 2017 Changzhou LFY Master Lease Agreement on 16 December 2016, pursuant to which Changzhou LFY agreed to lease certain premises located at Gang Qiao, Nanxiashu Town, Wujing District, Changzhou, Jiangsu Province, the PRC (the "**Changzhou LFY Gang Qiao Premises**") to the Group for a period of three years commencing from 1 January 2017 and ending on 31 December 2019.

Historical figures

The annual caps under the 2017 Changzhou LFY Master Lease Agreement, the actual amounts paid by the Group for the years ended 31 December 2017 and 2018, and the expected amount paid and payable for the year ending 31 December 2019 are set out below:

	For the year ended		For the year ending
	31 December 2017	31 December 2018	31 December 2019
	<i>RMB</i>	<i>RMB</i>	(expected) <i>RMB</i>
Annual caps	2,357,000	2,357,000	2,395,000
Annual rent paid or payable	2,159,000	2,159,000	2,194,000

None of the aforesaid transaction amounts have exceeded or will exceed their applicable annual caps.

Key terms of the renewed lease

The Group will continue to lease the Changzhou LFY Gang Qiao Premises after the expiry of the 2017 Changzhou LFY Master Lease Agreement with a reduced leased floor area. On 20 December 2019, the Company and Changzhou LFY entered into the 2020 Changzhou LFY Master Lease Agreement, pursuant to which Changzhou LFY agreed to lease certain premises located at the Changzhou LFY Gang Qiao Premises to the Group for a period of three years commencing from 1 January 2020 and ending on 31 December 2022, and the key terms are set out below:

Property : The Changzhou LFY Gang Qiao Premises.
The total leased floor area and ancillary areas is approximately 13,369 sq.m.

Usage : Factory and warehouse

Rent (inclusive of VAT) : For the factory floor areas leased, RMB26.71, RMB27.25 and RMB28.34 per sq.m. per month for the years ending 31 December 2020, 2021, and 2022, respectively

For the ancillary areas leased, RMB1.09 per sq.m. per month for the years ending 31 December 2020, 2021 and 2022, respectively

The expected annual rents payable for the years ending 31 December 2020, 2021 and 2022 are RMB1,918,000, RMB1,955,000 and RMB2,029,000, respectively

Value of right-of-use assets

Based on a preliminary assessment by the management of the Company pursuant to IFRS 16, which has not been reviewed or audited by the auditors of the Company, the value of the right-of-use assets (unaudited) for the Changzhou LFY Gang Qiao Premises to be leased by the Group would be approximately RMB5,063,000.

3. The 2020 Jiangsu Yuanyu Master Lease Agreement

The Company and Jiangsu Yuanyu, a company indirectly owned as to 50% by Pan's Father and Pan's Mother, respectively, entered into the 2017 Jiangsu Yuanyu Master Lease Agreement on 16 December 2016, pursuant to which Jiangsu Yuanyu agreed to lease certain premises located at Yuanyu Technologies Building, Science & Education Mega Centre, Wujin District, Changzhou, Jiangsu Province, the PRC (the "**Jiangsu Yuanyu Technologies Buildings Premises**") to the Group for a period of three years commencing from 1 January 2017 and ending on 31 December 2019.

Historical figures

The annual caps under the 2017 Jiangsu Yuanyu Master Lease Agreement, the actual amounts paid by the Group for the years ended 31 December 2017 and 2018, and the expected amount paid and payable for the year ending 31 December 2019 are set out below:

	For the year ended		For the year ending
	31 December 2017	31 December 2018	31 December 2019
			(expected)
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Annual caps	10,607,000	10,607,000	10,716,000
Annual rent paid or payable	10,534,000	10,534,000	10,571,000

None of the aforesaid transaction amounts have exceeded or will exceed their applicable annual caps.

Key terms of the renewed lease

The Group will continue to lease the Jiangsu Yuanyu Technologies Buildings Premises after the expiry of the 2017 Jiangsu Yuanyu Master Lease Agreement. On 20 December 2019, the Company and Jiangsu Yuanyu entered into the 2020 Jiangsu Yuanyu Master Lease Agreement, pursuant to which Jiangsu Yuanyu agreed to lease certain premises located at the Jiangsu Yuanyu Technologies Buildings Premises to the Group for a period of three years commencing from 1 January 2020 and ending on 31 December 2022, and the key terms are set out below:

Property : The Jiangsu Yuanyu Technologies Buildings Premises. The total leased floor area and ancillary land area is approximately 29,736 sq.m.

Usage : Factory and offices

Rent (inclusive of VAT) : For the factory and office floor areas leased, RMB32.70, RMB34.34 and RMB35.97 per sq.m. per month for the years ending 31 December 2020, 2021, and 2022, respectively

For the ancillary land areas leased, RMB1.09 per sq.m. per month for the years ending 31 December 2020, 2021 and 2022, respectively

The expected annual rents payable for the years ending 31 December 2020, 2021 and 2022 are RMB10,556,000, RMB11,082,000 and RMB11,608,000, respectively

Value of right-of-use assets

Based on a preliminary assessment by the management of the Company pursuant to IFRS 16, which has not been reviewed or audited by the auditors of the Company, the value of the right-of-use assets (unaudited) for the Jiangsu Yuanyu Technologies Building Premises to be leased by the Group would be approximately RMB28,507,000.

4. The 2020 HVPC Master Lease Agreement

The Company and HVPC, a wholly-owned subsidiary of HGCI, which in turn is wholly-owned by Wu's Mother, entered into the 2017 HVPC Master Lease Agreement on 16 December 2016, pursuant to which HVPC agreed to lease certain premises located at Lot E3-3, Que Vo IP, Van Duong Commune, Bac Ninh City, Bac Ninh Province, Vietnam (the "HVPC Premises") to the Group for a period of three years commencing from 1 January 2017 and ending on 31 December 2019.

Historical figures

The annual caps under the 2017 HVPC Master Lease Agreement, the actual amounts paid by the Group for the years ended 31 December 2017 and 2018, and the expected amount paid and payable for the year ending 31 December 2019 are set out below:

	For the year ended 31 December 2017	For the year ended 31 December 2018	For the year ending 31 December 2019 (expected)
	USD	USD	USD
Annual caps	232,512	232,512	232,512
Annual rent paid or payable	225,000	184,000	184,000

None of the aforesaid transaction amounts have exceeded or will exceed their applicable annual caps.

Key terms of the renewed lease

The Group will continue to lease the HVPC Premises after the expiry of the 2017 HVPC Master Lease Agreement. On 20 December 2019, the Company and HVPC entered into the 2020 HVPC Master Lease Agreement, pursuant to which HVPC agreed to lease certain premises located at the HVPC Premises to the Group for a period of three years commencing from 1 January 2020 and ending on 31 December 2022, and the key terms are set out below:

Property	:	The HVPC Premises. The total leased floor area is approximately 3,344 sq.m.
Usage	:	Warehouse
Rent	:	USD4.0 per sq.m. per month for each of the years ending 31 December 2022. The expected annual rents payable for the years ending 31 December 2020, 2021 and 2022 are USD160,600, USD160,600 and USD160,600, respectively

Value of right-of-use assets

Based on a preliminary assessment by the management of the Company pursuant to IFRS 16, which has not been reviewed or audited by the auditors of the Company, the value of the right-of-use assets (unaudited) for the HVPC Premises to be leased by the Group would be approximately USD455,000.

III. THE 2020 MASTER PURCHASE AGREEMENTS

5. The 2020 Changzhou Lingdi and HVPC Master Purchase Agreement

The Company and HG CJ, a company wholly-owned by Wu's Mother, entered into the 2017 HG CJ Master Purchase Agreement on 16 December 2016, pursuant to which the Group agreed to purchase from the HG CJ Group certain materials and products including but not limited to foam blocks, calcium plastic boards, load plates, carrier bands, plastic plates and plastic trays. On 10 November 2017, the Company entered into the Supplemental 2017 HG CJ Master Purchase Agreement, which amended certain terms and increased the annual caps under the 2017 HG CJ Master Purchase Agreement.

Historical figures

The annual caps under the 2017 HG CJ Master Purchase Agreement (subsequently amended by the Supplemental 2017 HG CJ Master Purchase Agreement), the actual amounts paid by the Group for the years ended 31 December 2017 and 2018, and the expected amount paid and payable for the year ending 31 December 2019 are set out below:

	For the year ended		For the year ending
	31 December 2017	31 December 2018	31 December 2019
			(expected)
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Annual caps (as amended by the Supplemental 2017 HG CJ Master Purchase Agreement)	67,760,000	94,864,000	119,025,000
Amount paid or payable	57,660,000	75,397,000	94,220,000

None of the aforesaid transaction amounts have exceeded or will exceed their applicable annual caps.

The 2017 HGCJ Master Purchase Agreement (as amended by the Supplemental 2017 HGCJ Master Purchase Agreement) will expire on 31 December 2019. The Company has been notified by HGCJ that with effect from 1 January 2020, HGCJ will no longer be producing the materials and products that were previously provided to the Group, and the relevant production facilities, production know-how and employees of HGCJ will be assumed by Changzhou Lingdi. On the other hand, HVPC (a wholly-owned subsidiary of HGCJ) will continue to provide materials and products to the Group in Vietnam. For the Group to continue to purchase materials and products that were previously procured under the 2017 HGCJ Master Purchase Agreement, on 20 December 2019, the Company, Changzhou Lingdi, a company owned as to 51% by Wu's Mother and 49% by Wu's Sister, and HVPC entered into the 2020 Changzhou Lingdi and HVPC Master Purchase Agreement, pursuant to which the Group agreed to purchase certain materials and products including but not limited to foam blocks, calcium plastic boards, load plates, carrier bands, plastic plates and plastic trays from Changzhou Lingdi and HVPC for a period of three years commencing from 1 January 2020 and ending on 31 December 2022.

Annual caps

The Board expects that the business of the Group will expand and the level of purchases from Changzhou Lingdi and HVPC may increase to cope with the Group's production plans. The annual caps in respect of the purchase amounts under the 2020 Changzhou Lingdi and HVPC Master Purchase Agreement for the years ending 31 December 2020, 2021 and 2022 will be RMB120,000,000, RMB130,000,000 and RMB140,000,000, respectively.

The annual caps were determined with reference to (a) previous amount of purchases made by the Group from the HGCJ Group during the two years ended 31 December 2018 and up to the date of this announcement, (b) the estimated market rates of the materials and products to be acquired and the expected level of purchases by the Group for its estimated production needs and demands from its customers after taking into account the Group's projected sales volumes, (c) the expected completion of the Group's research and development in relation to its products, and (d) the anticipated growth of the Group's production capacity.

6. The 2020 Changzhou Yousheng Master Purchase Agreement

The Company and Changzhou Yousheng, a company owned as to 30% by Pan's Mother and 70% by Pan's Sister, entered into the 2017 Changzhou Yousheng Master Purchase Agreement on 16 December 2016, pursuant to which the Group agreed to purchase certain materials such as foam, adhesives, mesh, domes, ear cushions, insulation mats and resistance neeb for use in acoustic components from Changzhou Yousheng for a period of three years commencing from 1 January 2017 to 31 December 2019.

Historical figures

The annual caps for under the 2017 Changzhou Yousheng Master Purchase Agreement, the actual amounts paid by the Group for the years ended 31 December 2017 and 2018, and the expected amount paid and payable for the year ending 31 December 2019 are set out below:

	For the year ended		For the year ending
	31 December 2017	31 December 2018	31 December 2019
			(expected)
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Annual caps	76,050,000	91,260,000	100,620,000
Amount paid or payable	52,350,000	43,391,000	34,968,000

None of the aforesaid transaction amounts have exceeded or will exceed their applicable annual caps.

The Group will continue to purchase certain materials from Changzhou Yousheng after the expiry of the 2017 Changzhou Yousheng Master Purchase Agreement. On 20 December 2019, the Company and Changzhou Yousheng entered into the 2020 Changzhou Yousheng Master Purchase Agreement, pursuant to which the Group agreed to purchase certain materials such as foam, adhesives, mesh, domes, ear cushions, insulation mats and resistance neeb for use in acoustic and optical components from Changzhou Yousheng for a period of three years commencing from 1 January 2020 and ending on 31 December 2022.

Annual caps

The Board expects that business of the Group will continue to expand, and the level of purchases of materials from Changzhou Yousheng may increase to cope with the Group's increased production plans. The annual caps in respect of the purchase amounts under the 2020 Changzhou Yousheng Master Purchase Agreement for the years ending 31 December 2020, 2021 and 2022 will be RMB60,000,000, RMB80,000,000 and RMB90,000,000, respectively.

The annual caps were determined with reference to (a) previous amount of purchases made by the Group from the Changzhou Yousheng Group during the two years ended 31 December 2018 and up to the date of this announcement, (b) the estimated market rates of the materials and products to be acquired and the expected level of purchases by the Group for its estimated production needs and demands from its customers after taking into account the Group's projected sales volumes, (c) the expected completion of the Group's research and development in relation to its products, and (d) the anticipated growth of the Group's production capacity.

7. The 2020 YDL Materials Master Purchase Agreement

The Company and Chengdu ZKLP (currently known as YDL Materials), a subsidiary of Jiangsu Yuanyu and an associate of Ms. Wu, entered into the 2017 Chengdu ZKLP Master Purchase Agreement on 16 December 2016, pursuant to which the Group agreed to purchase certain materials including but not limited to chemical materials, from the Chengdu ZKLP for a period of three years commencing from 1 January 2017 and ending on 31 December 2019.

Historical figures

The annual caps under the 2017 Chengdu ZKLP Master Purchase Agreement, the actual amounts paid by the Group for the years ending 31 December 2017 and 2018, and the expected amount paid and payable for the year ending 31 December 2019 are set out below:

	For the year ended 31 December 2017	For the year ended 31 December 2018	For the year ending 31 December 2019 (expected)
	RMB	RMB	RMB
Annual caps	35,100,000	58,500,000	93,600,000
Amount paid or payable	1,216,000	2,891,000	484,000

None of the aforesaid transaction amounts have exceeded or will exceed their applicable annual caps.

The Group will continue to purchase certain materials from YDL Material after the expiry of the 2017 Chengdu ZKLP Master Purchase Agreement. On 20 December 2019, the Company and YDL Materials entered into the 2020 YDL Materials Master Purchase Agreement, pursuant to which the Group agreed to purchase certain materials including but not limited to chemical adhesives that are used by the Group in its research and development of new materials and products for use in new types of mobile phones from YDL Materials for a period of three years commencing from 1 January 2020 and ending on 31 December 2022.

Annual caps

The Board expects that business of the Group will continue to expand and the level of purchase of materials from YDL Material may increase to cope with the Group's production plans. The annual caps in respect of the purchase amounts under the 2020 YDL Materials Master Purchase Agreement for the years ending 31 December 2020, 2021 and 2022 will be RMB20,000,000, RMB25,000,000 and RMB30,000,000, respectively.

The annual caps were determined with reference to (a) previous amount of purchases made by the Group from Chengdu ZKLP (currently known as YDL Materials) during the two years ended 31 December 2018 and up to the date of this announcement, (b) the planned application of the new adhesives in products of the Group for new handset applications that may be launched in the near future, which is expected to generate significant demands for raw materials supplied by YDL Materials, (c) the estimated market rates of the materials to be acquired and the expected level of purchases by the Group for its estimated production needs and demands from its customers after taking into account the Group's projected sales volumes, (d) the expected completion of the Group's research and development in relation to its products, and (e) the anticipated growth of the Group's demand of materials that may be purchased from YDL Materials in the production of new products.

IV. REASONS FOR AND BENEFITS OF ENTERING INTO OF THE 2020 MASTER LEASE AGREEMENTS AND THE 2020 MASTER PURCHASE AGREEMENTS

A. The 2020 Master Lease Agreements

The 2020 Master Lease Agreements were entered into by the Group in its ordinary and usual course of business. The Company had obtained comparable quotes for market rentals for premises situated close to the Group's production and operational premises, which the Directors consider are comparable to those that will continue to be leased by the Group under the 2020 Master Lease Agreements, and are of the view that the terms offered to the Group under the 2020 Master Lease Agreements are no less favourable than the terms offered by other independent third parties.

In addition, the Directors (including the independent non-executive Directors but excluding the Interested Directors, who have abstained from voting in respect of the relevant Board resolutions) are of the view that the entering into of leases under the 2020 Master Lease Agreements would allow the Group to continue its production and operating activities at the current locations, which are either currently being used as the Group's operational premises or are located in close proximity to the Group's other premises would support the Group's operations.

B. The 2020 Master Purchase Agreements

The purchases under the 2020 Master Purchase Agreements are entered into by the Group in its ordinary and usual course of business. The Directors (including the independent non-executive Directors but excluding the Interested Directors, who have abstained from voting in respect of the relevant Board resolutions) are of the view that the entering into of transactions under the 2020 Master Purchase Agreements would allow the Group to continue purchasing the materials and products that comply with the specifications and requirements of the Group, or which may be included in the Group's new products, all of which are essential to the Group's production and operations, and such purchases would be on terms that are no less favourable as terms offered by other independent third party suppliers.

The Directors also believes the purchase of good quality and stable supply of processing materials from manufacturers located in close proximity to the Group's production facilities is beneficial to the timely satisfaction of the expanding production and development needs of the Group.

V. INFORMATION OF THE GROUP AND THE COUNTERPARTIES

The Group is the world's leading solutions provider for smart devices with cutting-edge technologies in materials research, simulation, algorithms, design, automation and process development in Acoustics, Optics, Electromagnetic Drives and Precision Mechanics, Micro-electromechanical systems, Radio Frequency and Antenna, providing advanced miniaturized and proprietary technology solutions. Our goal is to "Lead Innovation & Enhance User Experience". In delivering high-performance and superior quality products, the Group will continue to create value for customers with innovative user experience.

Shenzhen Yuanyu is principally engaged in the research and development and sales of mobile acoustic design software, the leasing of self-owned properties, and the development, sales and provision of technical consulting services of computer software.

Changzhou LFY is principally engaged in the supply and sale of industrial manufacturing commodities, the leasing of self-owned properties and the leasing of self-owned equipment.

Jiangsu Yuanyu is principally engaged in the investment, research and development, provision of consulting services and the transfer of know-how in the area of electronic technologies, the leasing of self-owned properties and the leasing of self-owned equipment.

Changzhou Lingdi is principally engaged in the manufacturing of plastic products, stamping parts and packing materials, including the manufacturing and processing of plastic trays, fasteners and cartons for storing mobile phone components.

HGCJ (including its wholly-owned subsidiary, HVPC) is principally engaged in the manufacture and processing of packaging materials and stamping and plastic products.

Changzhou Yousheng is principally engaged in the research and development, manufacture and sale of electronic components, solar power components, sports equipment and crafts and the importation and exportation of the relevant products and technologies in the PRC.

Chengdu ZKLP (currently known as YDL Materials) is principally engaged in the research and development, production, processing, sales and related support, consultation and trading in know-how and foreign and export trading of products and know-how, in respect of materials including but not limited to lithium ion battery separators.

VI. LISTING RULES IMPLICATIONS

The counterparties of the 2020 Master Lease Agreements and the 2020 Master Purchase Agreements are all companies that are majority controlled by family members of Mr. Benjamin Pan and Ms. Ingrid Wu. Mr. Benjamin Pan and Ms. Ingrid Wu are Directors and controlling Shareholders of the Company. Therefore the counterparties of the 2020 Master Lease Agreements and the 2020 Master Purchase Agreements are connected persons of the Company by virtue of them being associates of the Interested Directors under Chapter 14A of the Listing Rules, and the leases contemplated under the 2020 Master Lease Agreements constitute connected transactions and the transactions contemplated under the 2020 Master Purchase Agreements constitute continuing connected transactions of the Company.

As the Interested Directors are regarded as having a material interest in the leases contemplated under the 2020 Master Lease Agreements and the transactions contemplated under the 2020 Master Purchase Agreements, they have abstained from voting on the relevant Board resolutions in approving them.

A. The 2020 Master Lease Agreements

The Group will pay the rental amounts payable under the leases through its internal resources.

The 2020 Master Lease Agreements were all entered into within a twelve-month period and these leases are related because they are entered into with parties who are connected with one another. Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the Company must comply with the applicable connected transaction requirements based on the classification of the 2020 Master Lease Agreements when aggregated.

The aggregate value of the right-of-use assets (unaudited) under the 2020 Master Lease Agreements would be approximately RMB73,200,000 as of 1 January 2020, being the date of commencement of all the 2020 Master Lease Agreements.

As one or more of the applicable percentage ratio(s) as defined under Rule 14.07 of the Listing Rules in respect of the aggregate value of the right-of-use assets (unaudited) exceed(s) 0.1% but all of them are less than 5%, the leases contemplated under all the 2020 Master Lease Agreements are subject to the reporting and announcement requirements but are exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

B. The 2020 Master Purchase Agreements

The Group will fund the consideration payable for its purchases under the 2020 Master Purchase Agreements through its internal resources.

The aggregate annual amount payable by the Company to the connected persons under all the 2020 Master Purchase Agreements will not exceed RMB200,000,000, RMB235,000,000 and RMB260,000,000 for the years ending 31 December 2020, 2021 and 2022, respectively.

As one or more of the applicable percentage ratio(s) as defined under Rule 14.07 of the Listing Rules in respect of the maximum annual cap for transactions contemplated under all the 2020 Master Purchase Agreements exceed(s) 0.1% but all of them are less than 5%, the transactions contemplated under the 2020 Master Purchase Agreements are subject to the reporting and announcement requirements but are exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

VII. DIRECTORS' VIEWS

As the Interested Directors are regarded as having a material interests under the 2020 Master Lease Agreements and the 2020 Master Purchase Agreements, they have abstained from voting on the relevant Board resolutions in approving them.

The Directors (including the independent non-executive Directors, but excluding the Interested Directors, who had abstained from voting in respect of the relevant Board resolutions) are of the view that the leases contemplated under the 2020 Master Lease Agreements and the transactions contemplated under the 2020 Master Purchase Agreements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, the terms thereof (including the relevant annual caps with respect to the 2020 Master Purchase Agreements) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole after taking into account the factors stated in this announcement.

VIII. DEFINITIONS

“16 December 2016 Announcement”	the announcement of the Company dated 16 December 2016
“10 November 2017 Announcement”	the announcement of the Company dated 10 November 2017 in relation to the entering into of the Supplemental 2017 HG CJ Master Purchase Agreement
“2017 Changzhou LFY Master Lease Agreement”	the master lease agreement entered into between Changzhou LFY and the Company, details of which are set out in the section headed “2017 CHANGZHOU LFY MASTER LEASE AGREEMENT” of the 16 December 2016 Announcement
“2017 Changzhou Model Master Purchase Agreement”	the master purchase agreement entered into between Changzhou Model and the Company, details of which are set out in the section headed “2017 CHANGZHOU MODEL MASTER PURCHASE AGREEMENT” of the 16 December 2016 Announcement
“2017 Changzhou Yousheng Master Purchase Agreement”	the master purchase agreement entered into between Changzhou Yousheng and the Company, details of which are set out in the section headed “2017 CHANGZHOU YOUSHENG MASTER PURCHASE AGREEMENT” of the 16 December 2016 Announcement
“2017 Chengdu ZKLP Master Purchase Agreement”	the master purchase agreement entered into between Chengdu ZKLP and the Company, details of which are set out in the section headed “2017 CHENGDU ZKLP MASTER PURCHASE AGREEMENT” of the 16 December 2016 Announcement
“2017 HG CJ Master Purchase Agreement”	the master purchase agreement entered into between HG CJ and the Company, details of which are set out in the section headed “2017 HG CJ MASTER PURCHASE AGREEMENT” of the 16 December 2016 Announcement
“2017 HVPC Master Lease Agreement”	the master lease agreement entered into between HVPC and the Company, details of which are set out in the section headed “2017 HVPC MASTER LEASE AGREEMENT” of the 16 December 2016 Announcement

“2017 Jiangsu Yuanyu Master Lease Agreement”	the master lease agreement entered into between Jiangsu Yuanyu and the Company, details of which are set out in the section headed “2017 JIANGSU YUANYU MASTER LEASE AGREEMENT” of the 16 December 2016 Announcement”
“2017 Shenzhen Yuanyu Master Lease Agreement”	the master lease agreement entered into between Shenzhen Yuanyu and the Company, details of which are set out in the section headed “2017 SHENZHEN YUANYU MASTER LEASE AGREEMENT” of the 16 December 2016 Announcement
“2017 Master Lease Agreements”	the 2017 Shenzhen Yuanyu Master Lease Agreement, the 2017 Changzhou LFY Master Lease Agreement, the 2017 Jiangsu Yuanyu Master Lease Agreement and the 2017 HVPC Master Lease Agreement
“2017 Master Purchase Agreements”	the 2017 HG CJ Master Purchase Agreement, the 2017 Changzhou Yousheng Master Purchase Agreement, the 2017 Changzhou Model Master Purchase Agreement and the 2017 Chengdu ZKLP Master Purchase Agreement
“2020 Changzhou LFY Master Lease Agreement”	the master lease agreement entered into between Changzhou LFY and the Company, details of which are set out in the section headed “II. The 2020 Master Lease Agreements – 2. The 2020 Changzhou LFY Master Lease Agreement” of this announcement
“2020 Changzhou Lingdi and HVPC Master Purchase Agreement”	the master purchase agreement entered into among Changzhou Lingdi, HVPC and the Company, details of which are set out in the section headed “III. The 2020 Master Purchase Agreements – 5. 2020 Changzhou Lingdi and HVPC Master Purchase Agreement” of this announcement
“2020 Changzhou Yousheng Master Purchase Agreement”	the master purchase agreement entered into between Changzhou Yousheng and the Company, details of which are set out in the section headed “III. The 2020 Master Purchase Agreements – 6. The 2020 Changzhou Yousheng Master Purchase Agreement” of this announcement

“2020 HVPC Master Lease Agreement”	the master lease agreement entered into between HVPC and the Company, details of which are set out in the section headed “II. The 2020 Master Lease Agreements – 4. The 2020 HVPC Master Lease Agreement” of this announcement
“2020 Jiangsu Yuanyu Master Lease Agreement”	the master lease agreement entered into between Jiangsu Yuanyu and the Company, details of which are set out in the section headed “II. The 2020 Master Lease Agreements – 3. The 2020 Jiangsu Yuanyu Master Lease Agreement” of this announcement
“2020 Shenzhen Yuanyu Master Lease Agreement”	the master lease agreement entered into between Shenzhen Yuanyu and the Company, details of which are set out in the section headed “II. The 2020 Master Lease Agreements – 1. The 2020 Shenzhen Yuanyu Master Lease Agreement” of this announcement
“2020 Master Lease Agreement(s)”	the 2020 Shenzhen Yuanyu Master Lease Agreement, the 2020 Changzhou LFY Master Lease Agreement, the 2020 Jiangsu Yuanyu Master Lease Agreement and the 2020 HVPC Master Lease Agreement, and each a “2020 Master Lease Agreement”
“2020 Master Purchase Agreement(s)”	the 2020 Changzhou Lingdi and HVPC Master Purchase Agreement, the 2020 Changzhou Yousheng Master Purchase Agreement and the 2020 YDL Materials Master Purchase Agreement, and each a “2020 Master Purchase Agreement”
“2020 YDL Materials Master Purchase Agreement”	the master purchase agreement entered into between YDL Materials and the Company, details of which are set out in the section headed “III. The 2020 Master Purchase Agreements – 7. The 2020 YDL Materials Master Purchase Agreement” of this announcement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Changzhou LFY”	Changzhou Laifangyuan Electronics Co., Ltd.* (常州市來方圓電子有限公司), which is beneficially owned as to 50% by each of Pan’s Father and Pan’s Mother

“Changzhou LFY Group”	Changzhou LFY and its subsidiaries, its shareholders, its holding company and subsidiaries of such holding company from time to time
“Changzhou LFY Gang Qiao Premises”	has the meaning ascribed to it under the section headed “II. The 2020 Master Lease Agreements – 2. The 2020 Changzhou LFY Master Lease Agreement” of this announcement
“Changzhou Lingdi”	Changzhou Lingdi Electronics Technologies Co., Ltd.*(常州凌迪電子科技有限公司), a company that is jointly held as to 51% by Wu’s Mother and 49% by Wu’s Sister
“Changzhou Model”	Changzhou Yuanyu Precise Model Manufacturing Co., Ltd.* (常州遠宇精密模具製造有限公司), a company indirectly and wholly-owned by Pan’s Father
“Changzhou Model Group”	Changzhou Model and its subsidiaries, its shareholders, its holding company and subsidiaries of such holding company from time to time
“Changzhou Yousheng”	Changzhou Yousheng Electronics Co., Ltd.* (常州市友晟電子有限公司), which is beneficially owned as to 30% by Pan’s Mother and 70% by Pan’s Sister
“Changzhou Yousheng Group”	Changzhou Yousheng and its subsidiaries, its shareholders, its holding company and subsidiaries of such holding company from time to time
“Changzhou ZKLP”	Changzhou Zhongke Laifang Power Development Co., Ltd.* (常州中科來方能源發展有限公司), which is wholly-owned by Jiangsu Yuanyu
“Chengdu ZKLP”	Chengdu Zhongke Laifang Power Science and Technology Development Co., Ltd.* (成都中科來方能源科技有限公司), a subsidiary of Jiangsu Yuanyu and also a connected person of the Company
“Chengdu ZKLP Group”	Chengdu ZKLP and its subsidiaries, its shareholders, its holding company and subsidiaries of such holding company from time to time

“Company”	AAC Technologies Holdings Inc., a company incorporated in the Cayman Islands as an exempted company with limited liability on 4 December 2003, 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
“controlling shareholder(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
“HG CJ”	Wujin Hutang Hejia Hongguang Stamping Factory* (常州市武進湖塘何家紅光沖件廠), a company directly wholly-owned by Wu’s Mother
“HG CJ Group”	HG CJ and its subsidiaries, its shareholders, its holding company and subsidiaries of such holding company from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HVPC”	Hongguang Viet Nam Plastic Company Limited* (紅光(越南)塑業有限公司)*, a company incorporated in Vietnam, a wholly-owned subsidiary of HG CJ
“HVPC Group”	HVPC and its subsidiaries, its shareholders, its holding company and subsidiaries of such holding company from time to time
“HVPC Premises”	has the meaning ascribed to it under the section headed “II. The 2020 Master Lease Agreements – 4. The 2020 HVPC Master Lease Agreement” of this announcement
“IFRS 16”	International Financial Reporting Standard 16 - Leases
“independent third parties”	any party who is not connected (within the meaning of the Listing Rules) with any Director, chief executive or substantial shareholder of the Company or any of their respective subsidiaries or an associate of any of them

“Interested Directors”	Mr. Benjamin Pan and Ms. Ingrid Wu
“Jiangsu Yuanyu”	Jiangsu Yuanyu Electronics Investment Group Co., Ltd.* (江蘇遠宇電子投資集團有限公司), a connected person of the Company, which is ultimately beneficially owned as to 50% by Pan’s Father and 50% by Pan’s Mother
“Jiangsu Yuanyu Technologies Buildings Premises”	has the meaning ascribed to it under the section headed “II. The 2020 Master Lease Agreements – 3. The 2020 Jiangsu Yuanyu Master Lease Agreement” of this announcement
“Listing Rules”	the Rule Governing the Listing of Securities on the Stock Exchange
“Mr. Benjamin Pan”	Mr. Benjamin Zhengmin Pan, an executive Director and the chief executive officer of the Company
“Ms. Ingrid Wu”	Ms. Wu Ingrid Chun Yuan, a non-executive Director and the spouse of Mr. Benjamin Pan
“Pan’s Father”	Mr. Pan Zhonglai, father of Mr. Benjamin Pan
“Pan’s Mother”	Ms. Xie Yufang, mother of Mr. Benjamin Pan
“Pan’s Sister”	Ms. Pan Lijun, sister of Mr. Benjamin Pan
“PRC”	the People’s Republic of China and for the purpose of this announcement only, excluding Hong Kong the Macau Special Administrative Region and Taiwan
“Purchase Agreements”	the specific purchase agreement(s) that may be entered into between members of the Group and members of the HVPC Group, Changzhou Lingdi, Changzhou Yousheng Group and YDL Materials from time to time during the validity of the 2020 Master Purchase Agreements in respect of the purchasing transaction(s) contemplated thereunder
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of share(s) of the Company

“Shenzhen Yuanyu”	Shenzhen Yuanyu Industrial Development Co., Ltd.* (深圳市遠宇實業發展有限公司), a company wholly-owned by Wu’s Mother
“Shenzhen Yuanyu Group”	Shenzhen Yuanyu and its subsidiaries, its shareholders, its holding company and subsidiaries of such holding company from time to time
“Shenzhen Yuanyu Nanda Premises”	has the meaning ascribed to it under the section headed “II. The 2020 Master Lease Agreements – 1. The 2020 Shenzhen Yuanyu Master Lease Agreement” of this announcement
“Supplemental 2017 HGCI Master Purchase Agreement”	the supplemental master purchase agreement entered into between HGCI and the Company, details of which are set out in section headed “II. The Supplemental 2017 HGCI Master Purchase Agreement” in the 10 November 2017 Announcement
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States Dollars, the lawful currency of the United States of America
“Wu’s Mother”	Ms. Ye Huamei, mother of Ms. Ingrid Wu
“Wu’s Sister”	Ms. Wu Yayuan, sister of Ms. Ingrid Wu
“YDL Materials” or “Chengdu ZKLP”	Sichuan Yindile Materials Technology Group Co., Ltd.* (四川茵地樂材料科技集團有限公司) (previously known as Chengdu Zhongke Laifang Power Science & Technology Co., Ltd.* (成都中科來方能源科技有限公司), a subsidiary of Jiangsu Yuanyu, and which is also indirectly held as to 30% by Ms. Ingrid Wu

* For identification purposes only

By order of the Board
AAC Technologies Holdings Inc.
Mok Joe Kuen Richard
Executive Director

Hong Kong, 20 December 2019



瑞聲科技控股有限公司
AAC TECHNOLOGIES HOLDINGS INC.

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 2018)

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

Executive Directors:

Mr. Pan Benjamin Zhengmin
Mr. Mok Joe Kuen Richard

Independent Non-executive Directors:

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

Non-executive Director:

Ms. Wu Ingrid Chun Yuan