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)

# RENEWAL OF CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcements dated 20 December 2019 and 8 January 2020 in relation to the 2020 Master Lease Agreements and 2020 Master Purchase Agreements. The aforesaid mentioned agreements will expire on 31 December 2022.

Having considered the commercial operating interests of the Group and the fair terms for renewing the four existing leases under the 2020 Master Lease Agreements and two existing purchasing arrangements under the 2020 Master Purchase Agreements, the Board is pleased to announce that the Company has entered into the 2023 Renewed Master Lease Agreements and the 2023 Renewed Master Purchase Agreements with its connected persons on 16 December 2022.

As one or more of the applicable percentage ratio(s) as defined under Rule 14.07 of the Listing Rules in respect of the 2023 Renewed Master Lease Agreements and the 2023 Renewed Master Purchase Agreements exceed(s) 0.1% but all of them are less than 5%, the lease transactions contemplated under the 2023 Renewed Master Lease Agreements and the transactions contemplated under the 2023 Renewed 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 20 December 2019 and 8 January 2020 in relation to the 2020 Master Lease Agreements and 2020 Master Purchase Agreements. As previously disclosed, the aforesaid agreements will expire on 31 December 2022. 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 2023 Renewed Master Lease Agreements and the 2023 Renewed Master Purchase Agreements on 16 December 2022 with its connected persons. Details of the 2023 Renewed Master Lease Agreements and the 2023 Renewed Master Purchase Agreements are set out below.

## II. THE 2023 RENEWED MASTER LEASE AGREEMENTS

### 1. The 2023 Shenzhen Yuanyu Master Lease Agreement

The Company and Shenzhen Yuanyu, a company wholly-owned by Wu's Mother, entered into the 2020 Shenzhen Yuanyu Master Lease Agreement on 20 December 2019, 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 2020 and ending on 31 December 2022.

***Historical figures of the 2020 Shenzhen Yuanyu Master Lease Agreement***

Under the 2020 Shenzhen Yuanyu Master Lease Agreement, the expected annual rent payable and actual amounts paid by the Group for the years ended 31 December 2020 and 2021, and the expected amount paid and payable for the year ending 31 December 2022 are set out below:

| | **For the year ended** | | **For the year ending** |
|---|---|---|---|
| | **31 December 2020** | **31 December 2021** | **31 December 2022 (expected)** |
| | *RMB* | *RMB* | *RMB* |
| Expected annual rent payable disclosed | 13,282,000 | 13,282,000 | 14,079,000 |
| Actual annual rent paid or payable | 12,965,000 | 13,282,000 | 14,060,000 |

As disclosed in the 2019 Announcement, the value of right-of-use assets for the Shenzhen Yuanyu Nanda Premises leased by the Group under the 2020 Shenzhen Yuanyu Master Lease Agreement was approximately RMB36,422,000.

*Key terms of the renewed lease*

The Group will continue to lease the Shenzhen Yuanyu Nanda Premises after the expiry of the 2020 Shenzhen Yuanyu Master Lease Agreement and will lease additional space at the Shenzhen Yuanyu Nanda Premises. On 16 December 2022, the Company and Shenzhen Yuanyu entered into the 2023 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 2023 and ending on 31 December 2025, and the key terms of which are set out below:

| | | |
|---|---|---|
| Property | : | The Shenzhen Yuanyu Nanda Premises. The total leased floor area is approximately 11,631 sq.m. |
| Usage | : | Offices |
| Rent (inclusive of VAT) | : | Average of RMB114.83 per sq.m. per month for the three years ending 31 December 2025.<br><br>The expected annual rents payable for the years ending 31 December 2023, 2024 and 2025 are RMB15,640,000, RMB15,764,000 and RMB16,682,000, respectively. |

*Value of right-of-use assets*

The Group has applied IFRS 16 in respect to its leases. The leases contemplated under the 2023 Renewed 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, the value of the right-of-use assets (unaudited) for the Shenzhen Yuanyu Nanda Premises to be leased by the Group would be approximately RMB41,692,000.

**2. The 2023 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 2020 Changzhou LFY Master Lease Agreement on 20 December 2019, pursuant to which Changzhou LFY agreed to lease certain premises located at Gang Qiao, Nanxiashu Town, Wujin 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 2020 and ending on 31 December 2022.

### *Historical figures of the 2020 Changzhou LFY Master Lease Agreement*

Under the 2020 Changzhou LFY Master Lease Agreement, the expected annual rent payable and actual amounts paid by the Group for the years ended 31 December 2020 and 2021, and the expected amount paid and payable for the year ending 31 December 2022 are set out below:

| | **For the year ended** | | **For the year ending** |
|---|---|---|---|
| | **31 December 2020** | **31 December 2021** | **31 December 2022 (expected)** |
| | *RMB* | *RMB* | *RMB* |
| Expected annual rent payable disclosed | 1,918,000 | 1,955,000 | 2,029,000 |
| Actual annual rent paid or payable | 1,678,000 | 1,711,000 | 1,776,000 |

As disclosed in the 2019 Announcement, the value of right-of-use assets for the Changzhou LFY Gang Qiao Premises leased by the Group under the 2020 Changzhou LFY Master Lease Agreement was approximately RMB5,063,000.

### *Key terms of the renewed lease*

The Group will continue to lease the Changzhou LFY Gang Qiao Premises after the expiry of the 2020 Changzhou LFY Master Lease Agreement based on the current and expected commercial need of the Group. On 16 December 2022, the Company and Changzhou LFY entered into the 2023 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 2023 and ending on 31 December 2025, and the key terms of which are set out below:

| | | |
|---|---|---|
| Property | : | The Changzhou LFY Gang Qiao Premises. The total leased floor area and ancillary areas is approximately 10,385 sq.m. |
| Usage | : | Factory and warehouse |
| Rent (inclusive of VAT) | : | For the factory floor areas leased, RMB28.34 per sq.m. per month for the years ending 31 December 2023, 2024 and 2025.<br><br>For the ancillary areas leased, RMB1.09 per sq.m. per month for the years ending 31 December 2023, 2024 and 2025.<br><br>The expected annual rents payable for each year ending 31 December 2023, 2024 and 2025 are RMB1,777,000. |

*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, 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 RMB4,625,000.

**3. The 2023 Jiangsu Yuanyu Master Lease Agreement**

The Company and Jiangsu Yuanyu, a company indirectly owned as to 50% by each of Pan's Father and Pan's Mother, entered into the 2020 Jiangsu Yuanyu Master Lease Agreement on 20 December 2019, 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 2020 and ending on 31 December 2022.

***Historical figures of the 2020 Jiangsu Yuanyu Master Lease Agreement***

Under the 2020 Jiangsu Yuanyu Master Lease Agreement, the expected annual rent payable and actual amounts paid by the Group for the years ended 31 December 2020 and 2021, and the expected amount paid and payable for the year ending 31 December 2022 are set out below:

| | **For the year ended 31 December 2020** | **For the year ended 31 December 2021** | **For the year ending 31 December 2022 (expected)** |
|---|---|---|---|
| | *RMB* | *RMB* | *RMB* |
| Expected annual rent payable disclosed | 10,556,000 | 11,082,000 | 11,608,000 |
| Actual Annual rent paid or payable | 10,556,000 | 10,532,000 | 4,182,000 |

The difference between (i) the expected annual rent payable and (ii) actual amounts paid and payable by the Group for the years ending 31 December 2022 was caused by the early surrender of certain premises in March and October of 2022 based on the commercial need of the Group at material time, which were considered as disposals. As all of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of these disposals are less than 0.1%, they constitute de minimis connected transactions for the Company under Rule 14A.76(1) of the Listing Rules.

As disclosed in the 2019 Announcement, the value of right-of-use assets for the Jiangsu Yuanyu Technologies Buildings Premises leased by the Group under the 2020 Jiangsu Yuanyu Master Lease Agreement was approximately RMB28,507,000.

*Key terms of the renewed lease*

The Group will continue to lease the Jiangsu Yuanyu Technologies Buildings Premises after the expiry of the 2020 Jiangsu Yuanyu Master Lease Agreement based on the current and expected commercial need of the Group. On 16 December 2022, the Company and Jiangsu Yuanyu entered into the 2023 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 six months commencing from 1 January 2023 and ending on 30 June 2023, and the key terms of which are set out below:

| | | |
|---|---|---|
| Property | : | The Jiangsu Yuanyu Technologies Buildings Premises. The total leased floor area and ancillary area is approximately 5,685 sq.m. |
| Usage | : | Factory and offices |
| Rent (inclusive of VAT) | : | For the factory and office floor areas leased, RMB35.97 per sq.m. per month for the six months ending 30 June 2023.<br><br>For the ancillary areas leased, RMB1.09 per sq.m. per month for the six months ending 30 June 2023. |

*Accounting treatment and implications under the Listing Rules*

As confirmed with the Auditors, because the 2023 Jiangsu Yuanyu Master Lease Agreement will cover a rental period of 6 months only, the rental payment payable under the same would be charged to profit and loss account of the Group and therefore, cannot be recognised as right-of-use assets pursuant to IFRS 16.

The annual cap, being the total rental payment payable, under the 2023 Jiangsu Yuanyu Master Lease Agreement for the year ending 31 December 2023 will be RMB791,000, which was determined with reference to the historical annual rent paid by the Group to Jiangsu Yuanyu during the two years ended 31 December 2021 and up to the date of this announcement, the anticipated commercial need of the Group, the aggregate of the factory and office areas and ancillary areas as mentioned above multiplied by the aforesaid rental rate, and the prevailing market rates obtained by market research on rental valuation of similar properties in vicinity carried out by the Group.

## 4. The 2023 HVPC Master Lease Agreement

The Company and HVPC, a wholly-owned subsidiary of HGCJ, which in turn is wholly-owned by Wu's Mother, entered into the 2020 HVPC Master Lease Agreement on 20 December 2019, 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 2020 and ending on 31 December 2022.

***Historical figures of the 2020 HVPC Master Lease Agreement***

Under the 2020 HVPC Master Lease Agreement, the expected annual rent payable and actual amounts paid by the Group for the years ended 31 December 2020 and 2021, and the expected amount paid and payable for the year ending 31 December 2022 are set out below:

| | **For the year ended** | | **For the year ending** |
|---|---|---|---|
| | **31 December 2020** | **31 December 2021** | **31 December 2022 (expected)** |
| | *USD* | *USD* | *USD* |
| Expected annual rent payable disclosed | 160,600 | 160,600 | 160,600 |
| Actual annual rent paid or payable | 160,600 | 160,600 | 160,600 |

As disclosed in the 2019 Announcement, the value of right-of-use assets for the HVPC Premises leased by the Group under the 2020 HVPC Master Lease Agreement was approximately USD455,000.

***Key terms of the renewed lease***

The Group will continue to lease the HVPC Premises after the expiry of the 2020 HVPC Master Lease Agreement based on the current and expected commercial need of the Group. On 16 December 2022, the Company and HVPC entered into the 2023 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 2023 and ending on 31 December 2025, and the key terms of which are set out below:

| | | |
|---|---|---|
| Property | : | The HVPC Premises. The total leased floor area is approximately 3,344 sq.m. |
| Usage | : | Warehouse |
| Rent (exempt of tax) | : | USD4.0 per sq.m. per month for each of the years ending 31 December 2023, 2024 and 2025.<br><br>The expected annual rents payable for each year ending 31 December 2023, 2024 and 2025 are USD160,600. |

*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, the value of the right-of-use assets (unaudited) for the HVPC Premises to be leased by the Group would be approximately USD445,000.

## III. THE 2023 RENEWED MASTER PURCHASE AGREEMENTS

### 5. The 2023 Changzhou Lingdi and HVPC Master Purchase Agreement

The Company, HVPC (A wholly-owned subsidiary of HGCJ, which in turn is wholly owned by Wu's Mother), and Changzhou Lingdi (a company owned as to 51% by Wu's Mother and 49% by Wu's Sister), entered into the 2020 Changzhou Lingdi and HVPC Master Purchase Agreement on 20 December 2019, pursuant to which the Group agreed to purchase certain packing materials and products including but not limited to foam blocks, calcium plastic boards, load plates, carrier brands, 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.

***Historical figures of the 2020 Changzhou Lingdi and HVPC Master Purchase Agreement***

The annual caps under the 2020 Changzhou Lingdi and HVPC Master Purchase Agreement, the actual amounts paid by the Group for the years ended 31 December 2020 and 2021, and the expected amount paid and payable for the year ending 31 December 2022 are set out below:

| | **For the year ended** | | **For the year ending** |
|---|---|---|---|
| | **31 December 2020** | **31 December 2021** | **31 December 2022 (expected)** |
| | *RMB* | *RMB* | *RMB* |
| Annual caps | 120,000,000 | 130,000,000 | 140,000,000 |
| Amount paid or payable | 47,176,000 | 35,936,000 | 29,322,000 |

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 Lingdi and HVPC after the expiry of the 2020 Changzhou Lingdi and HVPC Master Purchase Agreement. On 16 December 2022, the Company, Changzhou Lingdi and HVPC entered into the 2023 Changzhou Lingdi and HVPC Master Purchase Agreement, pursuant to which the Group agreed to purchase certain packing materials and products including but not limited to foam blocks, calcium plastic boards, load plates, carrier brands, plastic plates and plastic trays from Changzhou Lingdi and HVPC for a period of three years commencing from 1 January 2023 and ending on 31 December 2025.

*Annual caps*

The Board expects that as the pandemic situation improves and the market economy recovers, the business of the Group will expand in optics and the level of purchases from Changzhou Lingdi and HVPC may increase to cope with the Group's production plans and needs. The annual caps in respect of the purchase amounts under the 2023 Changzhou Lingdi and HVPC Master Purchase Agreement for each year ending 31 December 2023, 2024 and 2025 will be RMB140,000,000.

The annual caps were determined with reference to:

(a) previous amount of purchases made by the Group from the Changzhou Lingdi and HVPC during the two years ended 31 December 2021 and up to the date of this announcement;

(b) the estimated market rates of the materials and products to be acquired;

(c) 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 production capacity.

**6. The 2023 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 2020 Changzhou Yousheng Master Purchase Agreement on 20 December 2019, 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.

***Historical figures of the 2020 Changzhou Yousheng Master Purchase Agreement***

The annual caps for under the 2020 Changzhou Yousheng Master Purchase Agreement, the actual amounts paid by the Group for the years ended 31 December 2020 and 2021, and the expected amount paid and payable for the year ending 31 December 2022 are set out below:

| | **For the year ended** | | **For the year ending** |
|---|---|---|---|
| | **31 December 2020** | **31 December 2021** | **31 December 2022 (expected)** |
| | *RMB* | *RMB* | *RMB* |
| Annual caps | 60,000,000 | 80,000,000 | 90,000,000 |
| Amount paid or payable | 32,723,000 | 29,167,000 | 26,513,000 |

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 2020 Changzhou Yousheng Master Purchase Agreement. On 16 December 2022, the Company and Changzhou Yousheng entered into the 2023 Changzhou Yousheng Master Purchase Agreement, pursuant to which the Group agreed to purchase foam and domes for use in acoustic and optical components from Changzhou Yousheng for a period of three years commencing from 1 January 2023 and ending on 31 December 2025.

***Annual caps***

The Board expects that as the pandemic situation improves and the market economy recovers, business of the Group will continue to expand in optics, and the level of purchases of materials from Changzhou Yousheng may increase to cope with the Group's increased production plans and needs. The annual caps in respect of the purchase amounts under the 2023 Changzhou Yousheng Master Purchase Agreement for each years ending 31 December 2023, 2024 and 2025 will be RMB90,000,000.

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 2021 and up to the date of this announcement;

(b) the estimated market rates of the materials and products to be acquired;

(c) 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 production capacity.

## IV. PURCHASE PRICING MECHANISM, IT PROCUREMENT SYSTEM & BASIS OF EVALUATION AND ASSESSMENT

### A. Purchase Pricing Mechanism

When determining the pricing of materials and products to be purchased from a supplier, the estimated market rates of the material and products to be purchased and the expected level of purchases by the Group for its estimated production needs meeting the Group's projected customers' demands will be taken into account. In addition, the following specific factors, when appropriate, will be considered: (i) historical prices; (ii) costs of raw materials; (iii) ordering quantities; (iv) extent of customization on the form of each material; (v) specifications; (vi) production lead time; and (vii) prices and quality of the same or similar materials and products offered by other suppliers.

To ensure transactions are conducted on normal commercial competitive fair terms reflecting acceptable costing, and, to enable maintenance of diversity of reliable and quality suppliers, the Group will and have to obtain quotations from no less than three suppliers for procurement of materials and products.

In addition to the above, to ensure the transactions contemplated under the 2023 Renewed Master Purchase Agreement will be fair and reasonable and conducted on normal commercial terms or on terms no less favourable to the Group than terms available from independent third party suppliers of the Group, the Group will obtain quotations from no less than two independent third party suppliers in addition to the quotation from connected person so that the Group will compare three quotations.

### B. IT Procurement System – Procedure

Every purchase of materials and products by the Group is subject to the pricing mechanism as described above. The Group's finance department and procurement department have been operating from an IT Procurement System to ensure that all purchase orders are processed by the pricing mechanism as described above, and approved by relevant senior department heads.

Once a purchase order is approved under the IT Procurement System, no manual variation of pricing and transaction terms will be allowed thereunder. If there is any increase in purchase prices affecting production cost, the IT Procurement System will automatically generate an alert to the Group's costing team. The costing team will investigate the incident and notify procurement department to take appropriate actions.

### C. Basis of Evaluation and Assessment

The Group's internal audit department (i) conducts monthly evaluation and assessment on the aforesaid pricing mechanism and the IT Procurement System; (ii) performs regular internal audit checking on the Company's continuing connected transactions; (iii) alerts the Group's compliance and procurement departments on a timely basis if there is any issue identified; and (iv) submits a quarterly report to the Company's directors regarding the results of the above-mentioned evaluation, assessment as well as internal audit checking.

Separately, the operation and integrity of the IT Procurement System, a part of the IT management infrastructure, and the continuing connected transactions of the Company have been reviewed by the Auditors in their annual statutory audits.

Through the abovementioned regular evaluation, assessment and audits carried out by the Group's internal auditors and the Auditors, the Company's directors can be ensured that the relevant internal controls are properly in place; the aforesaid pricing mechanism and the IT Procurement System function properly, and, thus the relevant transactions contemplated under the 2023 Renewed Master Purchase Agreements can be conducted on normal commercial terms, and not prejudicial to the interests of the Company and its minority shareholders.

## V. REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 RENEWED MASTER LEASE AGREEMENTS AND THE 2023 RENEWED MASTER PURCHASE AGREEMENTS

### A. The 2023 Renewed Master Lease Agreements

The 2023 Renewed 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 2023 Renewed Master Lease Agreements, and are of the view that the terms offered to the Group under the 2023 Renewed 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 2023 Renewed 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 and would support the Group's operations.

### B. The 2023 Renewed Master Purchase Agreements

The purchases under the 2023 Renewed 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 2023 Renewed 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 believe 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.

## VI. INFORMATION OF THE GROUP AND THE COUNTERPARTIES

The Group is a leading provider of sensory experience solutions with the goal of building the future of interactive sensory technologies. Through continuous innovation and global presence, the Group has established long-term strategic partnerships with global smart device clients. The Group has strong capabilities in Acoustics, Optics, Haptics, Sensor and Semiconductor, and Precision Manufacturing based on decades of industry experience. The Group's mission is to create a better sensory experience for the world, and its vision is to become a global leader in sensory technology with a broad solution portfolio.

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.

## VII. LISTING RULES IMPLICATIONS

The counterparties of the 2023 Renewed Master Lease Agreements and the 2023 Renewed 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 2023 Renewed Master Lease Agreements and the 2023 Renewed 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 2023 Renewed Master Lease Agreements (excluding the 2023 Jiangsu Yuanyu Master Lease Agreement) constitute connected transactions and the lease contemplated under the 2023 Jiangsu Yuanyu Master Lease Agreement and the transactions contemplated under the 2023 Renewed 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 2023 Renewed Master Lease Agreements and the transactions contemplated under the 2023 Renewed Master Purchase Agreements, they have abstained from voting on the relevant Board resolutions in approving them.

### A. The 2023 Renewed Master Lease Agreements

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

The 2023 Renewed 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 2023 Renewed Master Lease Agreements when aggregated.

The aggregate value of the right-of-use assets (unaudited) under the 2023 Renewed Master Lease Agreements (excluding the 2023 Jiangsu Yuanyu Master Lease Agreement) would be approximately RMB49,423,000 as of 1 January 2023, being the date of commencement of all the 2023 Renewed Master Lease Agreements. The annual cap, being the total rental payment payable, under the 2023 Jiangsu Yuanyu Master Lease Agreement for the year ending 31 December 2023 will be RMB791,000.

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) of the leased premises under the 2023 Renewed Master Lease Agreements (excluding the 2023 Jiangsu Yuanyu Master Lease Agreement) and the annual cap, being the total rental payment payable, under the 2023 Jiangsu Yuanyu Master Lease Agreement exceed(s) 0.1% but all of them are less than 5%, the leases contemplated under all the 2023 Renewed 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 2023 Renewed Master Purchase Agreements**

The Group will fund the consideration payable for its purchases under the 2023 Renewed Master Purchase Agreements through its internal resources.

The aggregate annual amount payable by the Company to the connected persons under all the 2023 Renewed Master Purchase Agreements will not exceed RMB230,000,000 for each year ending 31 December 2023, 2024 and 2025.

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 2023 Renewed Master Purchase Agreements exceed(s) 0.1% but all of them are less than 5%, the transactions contemplated under the 2023 Renewed 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.

## VIII. DIRECTOR'S VIEWS

As the Interested Directors are regarded as having material interests under the 2023 Renewed Master Lease Agreements and the 2023 Renewed 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 2023 Renewed Master Lease Agreements and the transactions contemplated under the 2023 Renewed 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 2023 Renewed 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.

## IX. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

| | |
|---|---|
| "2019 Announcement" | The announcement of the Company dated 20 December 2019 in relation to connected transactions and continuing connected transactions |
| "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 "The 2020 Changzhou LFY Master Lease Agreement" of the 2019 Announcement |
| "2020 Changzhou Lingdi and HVPC Master Purchase Agreement" | the master purchase agreement entered into between Changzhou Lingdi, HVPC and the Company, details of which are set out in the section headed "The 2020 Changzhou Lingdi and HVPC Master Purchase Agreement" of the 2019 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 "The 2020 Changzhou Yousheng Master Purchase Agreement" of the 2019 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 "The 2020 HVPC Master Lease Agreement" of the 2019 Announcement |

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| "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 "The 2020 Jiangsu Yuanyu Master Lease Agreement" of the 2019 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 "The 2020 Shenzhen Yuanyu Master Lease Agreement" of the 2019 Announcement |
| "2023 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 2023 RENEWED MASTER LEASE AGREEMENTS – 2. The 2023 Changzhou LFY Master Lease Agreement" of this announcement |
| "2023 Changzhou Lingdi and HVPC Master Purchase Agreement" | the master purchase agreement entered into between Changzhou Lingdi, HVPC and the Company, details of which are set out in the section headed "III. THE 2023 RENEWED MASTER PURCHASE AGREEMENTS – 5. The 2023 Changzhou Lingdi and HVPC Master Purchase Agreement" of this announcement |
| "2023 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 2023 RENEWED MASTER PURCHASE AGREEMENTS – 6. The 2023 Changzhou Yousheng Master Purchase Agreement" of this announcement |
| "2023 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 2023 RENEWED MASTER LEASE AGREEMENTS – 4. The 2023 HVPC Master Lease Agreement" of this announcement |

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| "2023 Renewed Master Lease Agreements" | the 2023 Shenzhen Yuanyu Master Lease Agreement, the 2023 Changzhou LFY Master Lease Agreement, the 2023 Jiangsu Yuanyu Master Lease Agreement and the 2023 HVPC Master Lease Agreement |
| "2023 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 2023 RENEWED MASTER LEASE AGREEMENTS – 3. The 2023 Jiangsu Yuanyu Master Lease Agreement" of this announcement |
| "2023 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 2023 RENEWED MASTER LEASE AGREEMENTS – 1. The 2023 Shenzhen Yuanyu Master Lease Agreement" of this announcement |
| "associate(s)" | has the meaning ascribed to it under the Listing Rules |
| "Auditors" | the auditors of the Company, Deloitte Touche Tohmatsu |
| "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 owned as to 50% by each of Pan's Father and Pan's Mother |
| "Changzhou LFY Gang Qiao Premises" | has the meaning ascribed to it under the section headed "II. THE 2023 RENEWED MASTER LEASE AGREEMENTS – 2. The 2023 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), which is owned as to 51% by Wu's Mother and 49% by Wu's Sister |
| "Changzhou Yousheng" | Changzhou Yousheng Electronics Co., Ltd.* (常州市友晟電子有限公司), which is owned as to 30% by Pan's Mother and 70% by Pan's Sister |

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| "Changzhou Yousheng Group" | Changzhou Yousheng 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 with limited liability, the shares of which 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 |
| "HGCJ" | 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 |
| "Hong Kong SAR" | Hong Kong Special Administrative Region of the PRC |
| "HVPC" | Hongguang Viet Nam Plastic Company Limited* (越南紅光塑業有限公司)*, a company incorporated in Vietnam, a wholly-owned subsidiary of HGCJ |
| "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 2023 RENEWED MASTER LEASE AGREEMENTS – 4. The 2023 HVPC Master Lease Agreement" of this announcement |
| "IFRS 16" | International Financial Reporting Standard 16 – Leases |

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| "IT Procurement System" | an IT procurement system to ensure that all purchase orders are processed by the pricing mechanism as described, and approved by relevant senior department heads |
| "independent third party(ies)" | 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), which is indirectly owned as to 50% by each of Pan's Father and Pan's Mother |
| "Jiangsu Yuanyu Technologies Buildings Premises" | has the meaning ascribed to it under the section headed "II. THE 2023 RENEWED MASTER LEASE AGREEMENTS – 3. The 2023 Jiangsu Yuanyu Master Lease Agreement" of this announcement |
| "Listing Rules" | the Rules 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 SAR, the Macau Special Administrative Region and Taiwan |
| "RMB" | Renminbi, the lawful currency of the PRC |

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| "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 Nanda Premises" | has the meaning ascribed to it under the section headed "II. THE 2023 RENEWED MASTER LEASE AGREEMENTS – 1. The 2023 Shenzhen Yuanyu Master Lease Agreement" of this 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 |

* *For identification purpose only*

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

Hong Kong, 16 December 2022

*As at the date of this announcement, the Board comprises Mr. Pan Benjamin Zhengmin, Mr. Mok Joe Kuen Richard and Ms. Wu Ingrid Chun Yuan, together with three Independent Non-executive Directors, namely Mr. Zhang Hongjiang, Mr. Peng Zhiyuan and Mr. Kwok Lam Kwong Larry.*