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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)

CONTINUING CONNECTED TRANSACTIONS LOAN AGREEMENT

Reference is made to the announcement of the Company dated 23 December 2020 in relation to the Subsidiary Share Incentive Scheme, under which employees of AAC Optics Group and relevant personnel participating in the Subsidiary Share Incentive Scheme are limited partners of the three Share Incentive Platforms.

In order to facilitate the repurchase of interests in the three Share Incentive Platforms from exiting participants of the Subsidiary Share Incentive Scheme by Tianjin Chengrui, the general partner of each of the Share Incentive Platforms, AAC Optics, a non-wholly-owned subsidiary of the Company, entered into the Loan Agreement with Tianjin Chengrui on 1 December 2023, pursuant to which AAC Optics agreed to provide the Loan to Tianjin Chengrui for a period of three years. Tianjin Chengrui shall hold the repurchased interests as reserve for future awards to eligible employees of the AAC Optics Group and relevant personnel in accordance with the Subsidiary Share Incentive Scheme.

Tianjin Chengrui is wholly-owned by Mr. Pan Kaitai, a director of AAC Optics and the son of Mr. Pan Benjamin Zhengmin, an executive Director, chief executive officer and a controlling Shareholder of the Company, and Ms. Wu Ingrid Chun Yuan, a non-executive Director and a controlling Shareholder of the Company. As such, Tianjin Chengrui is a connected person under Chapter 14A of the Hong Kong Listing Rules and the transactions contemplated under the Loan Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the transactions contemplated under the Loan Agreement and the Previous Loan are all entered into with parties who are connected with one another, they are aggregated and treated as if they were one transaction pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the Annual Cap, calculated with reference to the principal amount and accrued interest under the Loan, and the Previous Loan, calculated with reference to the principal amount and accrued interest thereto, in aggregate, exceed 0.1% but are less than 5%, such transactions are subject to the announcement, reporting and annual review requirements, but are exempt from the circular, including independent financial advice, and independent shareholders' approval requirements under Rule 14A.76(2) of the Hong Kong Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 23 December 2020 in relation to the Subsidiary Share Incentive Scheme, under which employees of AAC Optics Group and relevant personnel participating in the Subsidiary Share Incentive Scheme are limited partners of the three Share Incentive Platforms.

In order to facilitate the repurchase of interests in the three Share Incentive Platforms from exiting participants of the Subsidiary Share Incentive Scheme by Tianjin Chengrui, the general partner of each of the Share Incentive Platforms, AAC Optics, a non-wholly-owned subsidiary of the Company, entered into the Loan Agreement with Tianjin Chengrui on 1 December 2023, pursuant to which AAC Optics agreed to provide the Loan to Tianjin Chengrui for a period of three years. Tianjin Chengrui shall hold the repurchased interests as reserve for future awards to eligible employees of the AAC Optics Group and relevant personnel in accordance with the Subsidiary Share Incentive Scheme.

THE LOAN AGREEMENT

The principal terms of the Loan Agreement are set out below:

- Date:** 1 December 2023
- Parties:**
- (a) AAC Optics, a non-wholly-owned subsidiary of the Company, as lender; and
 - (b) Tianjin Chengrui, as borrower.

Subject matter and usage:	<p>AAC Optics shall provide the Loan to Tianjin Chengrui from time to time during the period of the Loan Agreement for the purposes of (i) satisfying the funding requirements of Tianjin Chengrui to repurchase the interests in the Share Incentive Platforms from exiting participants of the Subsidiary Share Incentive Scheme in accordance with the relevant terms of the Subsidiary Share Incentive Scheme; and (ii) refinancing the ESOP Loans which were previously provided by the Group to Tianjin Chengrui for the same purpose.</p> <p>The principal amount of the Loan provided by AAC Optics under the Loan Agreement shall be financed by the Group’s internal resources including cash and cash equivalents.</p>
Period of the Loan:	<p>Three years from the date of the Loan Agreement.</p>
Amount of principal and accrued interest of the Loan:	<p>The Loan to be granted is a revolving loan with a principal amount not exceeding RMB74,000,000, subject to the maximum outstanding balance, including principal and accrued interest, not exceeding RMB83,000,000 at any time during the period of the Loan Agreement.</p>
Interest rate:	<p>The loan prime rate (LPR) for loans with a maturity of one year announced by the National Interbank Funding Center under the authority of the People’s Bank of China, which is 3.45% as at the date of the Loan Agreement, prevailing on the date of each drawdown and arrived at after arm’s length negotiation between AAC Optics and Tianjin Chengrui. Interest shall accrue from the date of payment by AAC Optics to the designated bank account of Tianjin Chengrui for each drawdown and shall be calculated based on the actual number of days that the Loan remains outstanding, on the basis of 360 days per annum.</p>
Repayment:	<p>Tianjin Chengrui may repay the outstanding balance, including principal and accrued interest, from time to time during the period of the Loan Agreement. Upon expiry of the period of the Loan, Tianjin Chengrui shall repay the outstanding principal amount together with all accrued interest in full in one lump sum.</p>
Security:	<p>The Loan is unsecured.</p>

ANNUAL CAP

The total maximum outstanding balance, including principal amount and accrued interest, owed by Tianjin Chengrui to the Group under the Loan shall not exceed RMB83,000,000 at any time throughout the period of the Loan Agreement, which constitutes the Annual Caps for each financial year during the period of the Loan Agreement.

In determining the Annual Cap, the Company has taken into account:

- (a) the maximum principal amount not exceeding RMB74,000,000 that may be outstanding at any time during the period of the Loan, the amount being determined with reference to funding requirements of Tianjin Chengrui (i) to repurchase interests in the Share Incentive Platforms from exiting participants of the Subsidiary Share Incentive Scheme in accordance with the relevant terms of the Subsidiary Share Incentive Scheme and (ii) to refinance the ESOP Loans which were previously provided by the Group to Tianjin Chengrui for the same purpose; and
- (b) the maximum accrued interest amount that may be payable under the Loan based on the maximum principal amounts set out in (a) above, and the interest rate stipulated under the Loan Agreement with reference to the loan prime rate (LPR) for loans with a maturity of one year announced by the National Interbank Funding Center under the authority of the People's Bank of China prevailing on the date of each drawdown.

Under the ESOP Loans, the total outstanding amount, including principal amounts and accrued interests, owed by Tianjin Chengrui to the Group is approximately RMB17,300,000 as at the date of this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

Tianjin Chengrui is the general partner of each of the Share Incentive Platforms under the Subsidiary Share Incentive Scheme. The Loan is provided by the Group to Tianjin Chengrui to repurchase interests in the Share Incentive Platforms from exiting participants of the Subsidiary Share Incentive Scheme, including participants who ceased to be employees of AAC Optics Group, in accordance with the relevant terms of the Subsidiary Share Incentive Scheme. After such repurchase of interests, Tianjin Chengrui will hold the repurchased interests as reserve for future awards to eligible employees of the AAC Optics Group and relevant personnel, and thus be used for continued operation of the Subsidiary Share Incentive Scheme.

The ESOP Loans previously provided to Tianjin Chengrui for the same purpose, i.e. to repurchase interests in the Share Incentive Platforms from exiting participants of the Subsidiary Share Incentive Scheme, are consolidated into the Loan to facilitate the Group's management of loans. An appropriate portion of the Loan will be drawn down to refinance the ESOP Loans.

Considering the above, the Company considers that the provision of the Loan by the Group will assist the smooth implementation and maintenance of the operation of the Subsidiary Share Incentive Scheme, and in turn further the objectives of the Subsidiary Share Incentive Scheme, including using the Share Incentive Platforms as vehicles to provide the selected employees of AAC Optics Group and relevant personnel a means to have equity in AAC Optics and recognising and further encouraging the dedication of management staff at all levels and core personnel of AAC Optics Group.

Based on the reasons and the benefits set forth above, including the fact that the terms and conditions of the Loan Agreement, including the Annual Cap, interest rate and repayment terms, were determined after arm's length negotiations between AAC Optics and Tianjin Chengrui, 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 although the provision of the Loan is not in the ordinary and usual course of business of the Group, the terms of the Loan Agreement and the transactions contemplated thereunder, including the Annual Cap, are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND THE PARTIES

The Group

The Group is a leading smart devices solutions provider as well as a pioneer in the design and development of a wide range of components and embedded solutions for application in consumer electronics, mobility and automobile markets. The Group combines excellence in hardware design and manufacturing with software development and integration capabilities to provide end-to-end support to customers in their innovation solution.

AAC Optics

AAC Optics is a joint stock limited company established in the PRC. As at the date of this announcement, AAC Optics is the Company's subsidiary, and 88.2620% of its shares are owned by the Company. AAC Optics is principally engaged in the research and development, production and sale of optics products.

Tianjin Chengrui

Tianjin Chengrui is a limited partnership incorporated in the PRC. It is principally engaged in acting as the general partner of each of the Share Incentive Platforms. As at the date of this announcement, Tianjin Chengrui is wholly-owned by Mr. Pan Kaitai.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, AAC Optics is an indirect non-wholly-owned subsidiary of the Company owned as to 88.2620% by the Company. Tianjin Chengrui is wholly-owned by Mr. Pan Kaitai, a director of AAC Optics and the son of Mr. Pan Benjamin Zhengmin, an executive Director, chief executive officer and a controlling Shareholder of the Company, and Ms. Wu Ingrid Chun Yuan, a non-executive Director and a controlling Shareholder of the Company. As such, Tianjin Chengrui is a connected person under Chapter 14A of the Hong Kong Listing Rules and the transactions contemplated under the Loan Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

The Group had previously provided the ESOP Loans and the Previous Loan to Tianjin Chengrui and Mr. Pan Kaitai, respectively. As the ESOP Loans and the Previous Loan were entered into with parties who are connected with one another, they are aggregated and treated as if they were one transaction pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As all the applicable percentage ratios, as defined under Rule 14.07 of the Hong Kong Listing Rules, in respect of the ESOP Loans and the Previous Loan, whether on a standalone or aggregate basis, at the relevant time were below 0.1%, the ESOP Loans and the Previous Loan fell within the de minimis threshold set out in Rule 14A.76 of the Hong Kong Listing Rules, and are exempt from the announcement, reporting, annual review, circular and independent shareholders' approval requirements of the Hong Kong Listing Rules.

As a result of the transactions contemplated under the Loan Agreement, which are also entered into with parties who are connected with one another, the Loan and the Previous Loan are aggregated and treated as if they were one transaction pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios, as defined under Rule 14.07 of the Hong Kong Listing Rules, in respect of the Annual Cap, calculated with reference to the principal amount and accrued interest under the Loan, and the Previous Loan, calculated with reference to the principal amount and accrued interest thereto, in aggregate, exceed 0.1% but are less than 5%, such transactions are subject to the announcement, reporting and annual review requirements, but are exempt from the circular, including independent financial advice, and independent shareholders' approval requirements under Rule 14A.76(2) of the Hong Kong Listing Rules.

Since the Interested Directors are considered to have a material interest in the transactions contemplated under the Loan Agreement by virtue of their relationship with Mr. Pan Kaitai, they have abstained from voting on the Board resolutions in respect of the Loan Agreement and the Annual Cap thereof. Save for the Interested Directors, no Directors have a material interest in the transactions contemplated under the Loan Agreement or abstained from voting on the relevant Board resolutions.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“AAC Optics”	AAC Optics (Changzhou) Co., Ltd.* (辰瑞光學(常州)股份有限公司), formerly named as 誠瑞光學(常州)股份有限公司, an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“AAC Optics Group”	AAC Optics and its wholly-owned subsidiaries
“Annual Cap”	the total maximum outstanding balance, including principal amount and accrued interest, owed by Tianjin Chengrui to the Group under the Loan, which is an amount of RMB83,000,000 at any time throughout the period of the Loan Agreement
“Board”	the board of Directors of the Company
“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 Hong Kong Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“ESOP Loans”	the loans provided by the Group to Tianjin Chengrui pursuant to loan agreements entered into in 2022 for repurchasing interests in the Share Incentive Platforms from exiting participants of the Subsidiary Share Incentive Scheme in accordance with the relevant terms of the Subsidiary Share Incentive Scheme
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Interested Directors”	Mr. Pan Benjamin Zhengmin and Ms. Wu Ingrid Chun Yuan, Board Directors of the Company
“Loan”	a revolving loan with a principal amount not exceeding RMB74,000,000 to be granted in accordance with the Loan Agreement, subject to the maximum outstanding balance, including principal and accrued interest, not exceeding RMB83,000,000 at any time during the period of the Loan Agreement
“Loan Agreement”	the revolving loan agreement dated 1 December 2023 entered into between AAC Optics and Tianjin Chengrui, pursuant to which AAC Optics agreed to provide the Loan to Tianjin Chengrui
“PRC”	People’s Republic of China
“Previous Loan”	the loan provided by the Group to Mr. Pan Kaitai amounting to approximately US\$72,000 pursuant to the loan agreement entered into in 2023 for the purpose of subscription of interests in the Share Incentive Platforms pursuant to the Subsidiary Share Incentive Scheme
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company

“Share Incentive Platform(s)”	three limited partnerships established and registered in the PRC, the general partner of all three partnerships is Tianjin Chengrui:
	<ul style="list-style-type: none"> <li data-bbox="590 297 1410 553">(i) Tianjin Chengrui Optical Investment Partnership (Limited Partnership)* (天津誠瑞光學投資合夥企業(有限合夥)), formerly named as Tianjin Chengrui Optical Technology Partnership (Limited Partnership)* (天津誠瑞光學科技合夥企業(有限合夥)), <li data-bbox="590 595 1410 829">(ii) Tianjin Ruitai Optoelectronics Investment Partnership (Limited Partnership)* (天津瑞泰光電投資合夥企業(有限合夥)) and, formerly named as Tianjin Ruitai Optoelectronics Technology Partnership (Limited Partnership)* (天津瑞泰光電科技合夥企業(有限合夥)), and <li data-bbox="590 872 1410 1127">(iii) Tianjin Ruicheng Optical Investment Partnership (Limited Partnership)* (天津瑞成光學投資合夥企業(有限合夥)), formerly named as Tianjin Ruicheng Optical Technology Partnership (Limited Partnership)* (天津瑞成光學科技合夥企業(有限合夥))
“Subsidiary Share Incentive Scheme”	the share incentive scheme of AAC Optics
“Tianjin Chengrui”	Tianjin Chengrui Technology Co., Ltd.* (天津成瑞科技有限公司), which is wholly-owned by Mr. Pan Kaitai, and is the general partner of each of the Share Incentive Platforms
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent.

* *For ease of reference, the names of the companies or entities (including the PRC established companies or entities) have been included in this announcement in both the Chinese and English languages. The name in Chinese language is the official name of each such company or entity, while that in English language is translation of the Chinese name, and is included herein for identification purpose only. In the event of any inconsistency, the Chinese version shall prevail.*

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

Hong Kong, 1 December 2023

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. Kwok Lam Kwong Larry and Mr. Peng Zhiyuan.