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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code : 02018)**

**CONNECTED TRANSACTIONS**

**ACQUISITION OF 19.58% EQUITY INTEREST IN AAC NEW POWER**

**ACQUISITION OF 19.58% EQUITY INTEREST IN AAC NEW POWER**

On 22 March 2017, (i) AAC HK, a wholly-owned subsidiary of the Company, and Changzhou ZKLF entered into the Changzhou ZKLF Equity Transfer Agreement, pursuant to which AAC HK agreed to acquire from Changzhou ZKLF 15.1% equity interest in AAC New Power at a consideration of RMB21,588,000.00; and (ii) AAC HK and Jiangsu Yuanyu entered into the Jiangsu Yuanyu Equity Transfer Agreement, pursuant to which AAC HK agreed to acquire from Jiangsu Yuanyu 4.48% equity interest in AAC New Power at a consideration of RMB6,412,000.00.

As at the date of this announcement, AAC New Power has a registered capital of USD30,979,389.48, all of which has been paid-up and is held as to 80.42% by AAC HK, 15.1% by Changzhou ZKLF and 4.48% by Jiangsu Yuanyu. Upon completion of the Acquisitions, AAC New Power will be held as to 100% by AAC HK and will become a wholly-owned subsidiary of the Company.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, 51.72% equity interest of Jiangsu Yuanyu is indirectly held by Pan's Father and Pan's Mother; 48.28% equity interest of Jiangsu Yuanyu is indirectly held by Pan's Father; and Changzhou ZKLF is a subsidiary of Jiangsu Yuanyu. As such, Jiangsu Yuanyu and Changzhou ZKLF are associates of Mr. Benjamin Pan and therefore connected persons of the Company under Rule 14A.12(2)(b) of the Listing Rules. The Equity Transfer Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As Mr. Benjamin Pan and Ms. Ingrid Wu might be regarded as having a material interest in the connected transactions contemplated under the Equity Transfer Agreements, they have abstained from voting on the board resolutions of the Company in approving these 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 transactions contemplated under all the Equity Transfer Agreements, if required to be aggregated, exceed(s) 0.1% but all of the applicable percentage ratios are less than 5%, the Equity Transfer Agreements constitute connected transactions of the Company which 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.

## **I. ACQUISITION OF 19.58% EQUITY INTEREST IN AAC NEW POWER**

### **THE EQUITY TRANSFER AGREEMENTS**

On 22 March 2017, (i) AAC HK, a wholly-owned subsidiary of the Company, and Changzhou ZKLF entered into the Changzhou ZKLF Equity Transfer Agreement, pursuant to which AAC HK agreed to acquire from Changzhou ZKLF 15.1% equity interest in AAC New Power at a consideration of RMB21,588,000.00; and (ii) AAC HK and Jiangsu Yuanyu entered into the Jiangsu Yuanyu Equity Transfer Agreement, pursuant to which AAC HK agreed to acquire from Jiangsu Yuanyu 4.48% equity interest in AAC New Power at a consideration of RMB6,412,000.00. Further details of the Equity Transfer Agreements are set out as follows:-

**Date of the Equity Transfer**

**Agreements:** 22 March 2017

**Parties:** Changzhou ZKLF Equity Transfer Agreement

- (1) AAC HK, a wholly-owned subsidiary of the Company, as the purchaser; and
- (2) Changzhou ZKLF, a connected person of the Company, as the vendor.

Jiangsu Yuanyu Equity Transfer Agreement

- (1) AAC HK, a wholly-owned subsidiary of the Company, as the purchaser; and
- (2) Jiangsu Yuanyu, a connected person of the Company, as the vendor

**Subject matter and the consideration:** Changzhou ZKLF Equity Transfer Agreement

AAC HK agreed to acquire from Changzhou ZKLF 15.1% equity interest in AAC New Power at a consideration of RMB21,588,000.00.

Jiangsu Yuanyu Equity Transfer Agreement

AAC HK agreed to acquire from Jiangsu Yuanyu 4.48% equity interest in AAC New Power at a consideration of RMB6,412,000.00.

**Basic information of AAC New Power:** As at the date of this announcement, AAC New Power has a registered capital of USD30,979,389.48, all of which has been paid-up and is held as to 80.42% by AAC HK, 15.1% by Changzhou ZKLF and 4.48% by Jiangsu Yuanyu. Upon completion of the Acquisitions, the registered capital of AAC New Power will be held as to 100% by AAC HK and AAC

New Power will become a wholly-owned subsidiary of the Company.

AAC New Power is principally engaged in the research and development, manufacturing and sales of self-manufactured lithium ion battery cells and providing after-sales services.

The original acquisition cost to Changzhou ZKLF and Jiangsu Yuanyu for their respective 15.1% and 4.48% equity interest in AAC New Power was approximately USD6,570,000 and USD1,950,000 respectively, which was proportionally reduced to approximately USD4,676,805.81 and USD1,388,093.05 respectively due to the subsequent reduction in the registered capital of AAC New Power.

**Basis of determining the consideration:**

The consideration under the Equity Transfer Agreements was determined after arm's length negotiations between the parties to the Equity Transfer Agreements with reference to 15.1% (in the case of the Changzhou ZKLF Acquisition) and 4.48% (in the case of the Jiangsu Yuanyu Acquisition) of the net asset value of AAC New Power as at the AAC New Power Valuation Reference Date as shown in the AAC New Power Valuation, being approximately RMB13,511,570.14 and RMB4,008,730.74 respectively. According to the said valuation prepared by the AAC New Power Independent Valuer, on the basis of asset based valuation approach, the net asset value of AAC New Power as at the AAC New Power Valuation Reference Date amounted to RMB89,480,596.97. In considering the purchase amount under the Equity Transfer Agreements, the Group has also taken into account the benefits expected to derive from the Acquisitions, which are disclosed in the section headed "Reasons for and Benefits of Entering into the Equity Transfer Agreements" below and the fact that the Group will be entitled to receive a monetary award of RMB30,970,000 from a PRC governmental authority which provides for monetary incentives to enterprises in the advanced and new technology field, on the conditions that (i) AAC New Power has obtained the land use rights certificate in respect of a

piece of land located at North of Wujin Road and West of Xiacheng Road, Wujin National Hi-tech Industrial Development Zone, Changzhou City, PRC; and (ii) the registered capital of AAC New Power has reached USD40,000,000. The two said conditions had been fulfilled and an application to receive the said monetary award had been made, which is currently pending approval from the relevant PRC governmental authority. The subsequent reduction of the registered capital of AAC New Power to the current amount of USD30,979,389.48 would not affect such approval. By owning 100% equity interest in AAC New Power, the Group will have the full benefit of the entire monetary award of RMB30,970,000 from the relevant PRC government authority.

**Payment  
arrangement:**

*Changzhou ZKLF Equity Transfer Agreement*

The consideration under the Changzhou ZKLF Equity Transfer Agreement shall be RMB21,588,000.00, which shall be payable by AAC HK to Changzhou ZKLF within three months from the date of the Changzhou ZKLF Equity Transfer Agreement by remittance to the designated bank account of Changzhou ZKLF. Both AAC HK and Changzhou ZKLF shall make any preliminary arrangements necessary for the transfer of the said equity interest and within one month of the receipt of such sum, Changzhou ZKLF shall assist AAC New Power and AAC HK in completing the relevant registration procedures for the Changzhou ZKLF Acquisition with the State Administration for Industry and Commerce and also in effecting the relevant approval procedures with the relevant governmental authorities.

*Jiangsu Yuanyu Equity Transfer Agreement*

The consideration under the Jiangsu Yuanyu Equity Transfer Agreement shall be RMB6,412,000.00, which shall be payable by AAC HK to Jiangsu Yuanyu within three months from the date of the Jiangsu Yuanyu Equity Transfer

Agreement by remittance to the designated bank account of Jiangsu Yuanyu. Both AAC HK and Jiangsu Yuanyu shall make any preliminary arrangements necessary for the transfer of the said equity interest and within one month of the receipt of such sum, Jiangsu Yuanyu shall assist AAC New Power and AAC HK in completing the relevant registration procedures for the Jiangsu Yuanyu Acquisition with the State Administration for Industry and Commerce and also in effecting the relevant approval procedures with the relevant governmental authorities.

The Group will fund the consideration under the Equity Transfer Agreements by its internal resources.

**Completion:** Completion date of the transactions under the Equity Transfer Agreements shall be the date on which the transfer of the equity interest under the Equity Transfer Agreements is effected in accordance with the applicable laws, rules and regulations and requirements under the constitutional documents of AAC New Power.

Upon the said completion, AAC HK shall immediately conduct the necessary filings and registrations with the relevant governmental authorities.

### **Financial information of AAC New Power**

On the basis of asset based valuation approach, the net asset value of AAC New Power as at the AAC New Power Valuation Reference Date, being 30 September 2016 as disclosed in the AAC New Power Valuation was valued at RMB89,480,596.97.

The net asset value of AAC New Power attributable to the said 19.58% equity interest which are the subject of the Acquisitions, as at the AAC New Power Valuation Reference Date (based on the AAC New Power Valuation) and as at 31 December 2016 are as follows :-

*Changzhou ZKLF Equity Transfer Agreement - 15.1% equity interest in AAC New Power*

	<b>Valuation as at 30 September 2016 (RMB (approx.))</b>	<b>Book value as at 31 December 2016 (audited) (RMB (approx.))</b>
Attributable net asset value	13,511,570.14	12,459,641.79

*Jiangsu Yuanyu Equity Transfer Agreement – 4.48% equity interest in AAC New Power*

	<b>Valuation as at 30 September 2016 (RMB (approx.))</b>	<b>Book value as at 31 December 2016 (audited) (RMB (approx.))</b>
Attributable net asset value	4,008,730.74	3,696,635.44

Set out below is the audited financial information of AAC New Power for the two years ended 31 December 2016 prepared according to the PRC enterprises accounting standards :-

	<b>For the year ended 31 December 2016 (audited) (RMB)</b>	<b>For the year ended 31 December 2015 (audited) (RMB)</b>
Loss before tax	(16,514,967.09)	(18,097,996.01)
Loss after tax	(16,514,967.09)	(18,097,996.01)

**REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENTS**

AAC New Power is currently in the research and development stage in respect of batteries development and has not entered into the mass production stage. Upon completion of the Acquisitions, the Group will own 100% equity interest in AAC New

Power and as a result, the Group will be able to exercise complete control over AAC New Power and flexibly determine its directions in research and development, business development and management, in order to be in line with the development strategies of the Group as a whole. Furthermore, the facilities and properties currently held by AAC New Power will fully integrate with the research and development activities of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Equity Transfer Agreements were entered into on normal commercial terms but not in the ordinary and usual course of business of the Group, and the terms thereof (including the relevant consideration) are fair and reasonable and in the interests of the Company and its Shareholders as a whole after taking into account the reasons and benefits as stated above.

## **II. IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, 51.72% equity interest of Jiangsu Yuanyu is indirectly held by Pan's Father and Pan's Mother; 48.28% equity interest of Jiangsu Yuanyu is indirectly held by Pan's Father; and Changzhou ZKLF is a subsidiary of Jiangsu Yuanyu. As such, Jiangsu Yuanyu and Changzhou ZKLF are associates of Mr. Benjamin Pan and therefore connected persons of the Company under Rule 14A.12(2)(b) of the Listing Rules. The Equity Transfer Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As Mr. Benjamin Pan and Ms. Ingrid Wu might be regarded as having a material interest in the connected transactions contemplated under the Equity Transfer Agreements, they have abstained from voting on the board resolutions of the Company in approving these 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 transactions contemplated under all the Equity Transfer Agreements, if required to be aggregated, exceed(s) 0.1% but all of the applicable percentage ratios are less than 5%, the Equity Transfer Agreements constitute connected transactions of the Company which 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.

### **III. GENERAL**

The Group is a total solution-provider utilising the latest miniaturised technology components across acoustic, haptic, radio frequency and optical segments. It is already an established leading global supplier of miniaturized acoustic components including a broad range of speakers, receivers and Micro Electro-Mechanical System (MEMS) microphones. It delivers integrated solutions across multiple segments incorporating advanced proprietary technology haptics vibrators, RF antennas and optical components. Its products are found in smart devices such as smartphones, tablets, wearables and PC notebooks. It is global in scope with research and development centers and sales offices in key markets serving a large number of geographically diverse customers in the mobile electronics market.

AAC HK is principally engaged in the sale of acoustic related products and investment.

Changzhou ZKLF is principally engaged in the research and development and sales of lithium-ion batteries, polymer lithium-ion battery material, electrolyte separators, electrolytes, lithium-ion battery cells, battery packs, super capacitors, composite materials and functional polymer materials and as well as the manufacturing of polymer lithium-ion batteries, super capacitors, electrolyte separators, battery cells and battery packs.

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

### **IV. DEFINITIONS**

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

“AAC HK”	AAC Acoustic Technologies Ltd. (瑞聲聲學科技有限公司), a wholly-owned subsidiary of the Company
“AAC New Power”	瑞聲新能源發展（常州）有限公司 (AAC New Power Development (Changzhou) Co. Ltd.*), a non wholly- owned subsidiary of the Company

“AAC New Power Independent Valuer”	常州普華開瑞資產評估房地產估價有限公司 (Changzhou Puhuakairui Assets and Real Estate Appraisal Co., Ltd.), the independent valuer engaged to prepare the AAC New Power Valuation
“AAC New Power Valuation”	a valuation report dated 23 November 2016 on AAC New Power as at the AAC New Power Valuation Reference Date prepared by the AAC New Power Independent Valuer
“AAC New Power Valuation Reference Date”	30 September 2016, the reference date for the AAC New Power Valuation
“Acquisitions”	collectively, the Changzhou ZKLF Acquisition and the Jiangsu Yuanyu Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Changzhou ZKLF”	常州中科來方能源發展有限公司 (Changzhou Zhongke Laifang Power Development Co., Ltd.*), a wholly-owned subsidiary of Jiangsu Yuanyu and also a connected person of the Company
“Changzhou ZKLF Acquisition”	the acquisition of 15.1% equity interest in AAC New Power by AAC HK from Changzhou ZKLF pursuant to the Changzhou ZKLF Equity Transfer Agreement
“Changzhou ZKLF Equity Transfer Agreement”	the equity transfer agreement dated 22 March 2017 entered into between AAC HK and Changzhou ZKLF relating to the Changzhou ZKLF Acquisition

“Company”	AAC Technologies Holdings Inc., a company incorporated in the Cayman Islands as an exempted company with limited liability on 4 December 2003, 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
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreements”	collectively, the Changzhou ZKLF Equity Transfer Agreement and the Jiangsu Yuanyu Equity Transfer Agreement
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiangsu Yuanyu”	江蘇遠宇電子集團有限公司 (Jiangsu Yuanyu Electronics Group Co., Ltd.*), a connected person of the Company
“Jiangsu Yuanyu Acquisition”	the acquisition of 4.48% equity interest in AAC New Power by AAC HK from Jiangsu Yuanyu pursuant to the Jiangsu Yuanyu Equity Transfer Agreement
“Jiangsu Yuanyu Equity Transfer Agreement”	the equity transfer agreement dated 22 March 2017 entered into between AAC HK and Jiangsu Yuanyu relating to the Jiangsu Yuanyu Acquisition
“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. Ingrid Chunyuan Wu, 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
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the registered holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States Dollars, the lawful currency of the United States of America
“%”	per cent

*\*For identification purposes only*

By order of the Board  
**AAC TECHNOLOGIES HOLDINGS INC.**  
**Koh Boon Hwee**  
*Chairman*

Hong Kong, 22 March 2017

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Benjamin Zhengmin Pan and Mr. Mok Joe Kuen Richard; a non-executive Director, namely Ms. Ingrid Chunyuan Wu; and four independent non-executive Directors, namely Mr. Koh Boon Hwee, Mr. Poon Chung Yin Joseph, Dato’ Tan Bian Ee and Ms. Chang Carmen I-Hua.