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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)

DISCLOSEABLE TRANSACTION
ACQUISITION OF TOYO PRECISION APPLIANCE
(KUNSHAN) CO., LTD.

The Board is pleased to announce that on 20 October 2021 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the Equity Transfer Agreement, pursuant to which the Seller agreed to sell and the Purchaser agreed to purchase 100% equity interests in Toyo Precision Appliance (Kunshan) Co., Ltd. at the Consideration of RMB450 million (subject to adjustment, if applicable) in accordance with the terms and conditions of the Equity Transfer Agreement. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated in the consolidated financial statements of the Company.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements, but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE ACQUISITION

The Board is pleased to announce that on 20 October 2021 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the Equity Transfer Agreement, pursuant to which the Seller agreed to sell and the Purchaser agreed to purchase 100% equity interests in the Target Company at the Consideration of RMB450 million (subject to adjustment, if applicable) in accordance with the terms and conditions of the Equity Transfer Agreement. The principal terms of the Equity Transfer Agreement are as follows:

Date

20 October 2021 (after trading hours)

Parties

Seller: Toyo Rikagaku Kenkyusho Co., Ltd. (株式會社東陽理化學研究所)

Purchaser: Huge Advance Investment Limited 益增投資有限公司, an indirect wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Interest to be acquired

Pursuant to the Equity Transfer Agreement, the Seller agreed to sell and the Purchaser agreed to purchase 100% equity interests of the Target Company at the Consideration of RMB450 million (subject to adjustment, if applicable).

Consideration, adjustment and payment

The Consideration has been arrived at after arm's length negotiations between the Seller and the Purchaser, having taken into account of various factors, including: (i) the audited financial statements of the Target Company as at 31 December 2020 audited by one of the "Big Four" accounting firms, and the unaudited financial statements of the Target Company as at 30 June 2021, both of which were prepared in accordance with the generally accepted accounting principles in the PRC; (ii) historical financial performance of the Target Company; and (iii) profitability and business prospect and potential of the Target Company.

Within 30 working days after the Settlement Date (i.e. the date when the Target Company completes the registration of industrial and commercial changes with the relevant authority), the Purchaser will appoint an accounting firm to perform the closing audit of the Target Company's assets and liabilities as at the end of the month immediately before the Settlement Date, and will submit the Settlement Financial Statements to relevant parties. The Settlement Financial Statements and all the figures therein shall be final and binding on the parties. If according to the Settlement Financial Statements, the Financial Reference Value of the Target Company have undergone significant changes as at the end of the month immediately before the Settlement Date (excluding certain borrowings for implementing certain new investments after October 2021 and prior agreed by the parties in writing), that is, the Financial Reference Value as at the end of the month immediately before the Settlement Date decreases by 10% or above as compared to the Financial Reference Value of the Target Company as at 30 June 2021, the Consideration shall be adjusted by deducting the difference between the Financial Reference Value as at 30 June 2021 and the Financial Reference Value as at the end of the month immediately before the Settlement Date.

The Consideration and any adjustment to the Consideration will be satisfied by the Purchaser in the following manner:

- (i) subject to fulfilment of all conditions precedent under the Equity Transfer Agreement, within seven working days of obtaining the approval for anti-monopoly, the Purchaser shall pay 60% of the Consideration to the Seller's designated account; and
- (ii) within seven working days upon fulfilment of all conditions precedent under the Equity Transfer Agreement, the Purchaser shall pay the Remaining Instalment to the Joint Regulatory Account.

Any compensation arising from breach of statements, warranties, undertakings or other obligations contemplated under the Equity Transfer Agreement by the Seller shall be deducted from the Remaining Instalment. The parties agree that the Remaining Instalment will be paid to the Seller's designated account from the bank of the Joint Regulatory Account following their joint instruction within the next working day upon completion of all of the following events, whichever is later: (a) completion of the Acquisition in accordance with the Equity Transfer Agreement; (b) the parties having appointed an auditor to complete the closing audit and confirmed the Consideration after adjustment in accordance with the Equity Transfer Agreement; (c) the Target Company having settled the balance with all connected parties; and (d) the Seller having paid the corresponding taxes for the equity transfer in full in the PRC and provided the Purchaser with the tax payment voucher.

The Purchaser will pay the Consideration using the internal resources of the Group.

Transition Period

During the transition period from the date of signing of the Equity Transfer Agreement to the Settlement Date, the Seller shall notify the Purchaser and obtain the Purchaser's consent in accordance with the mechanism under Equity Transfer Agreement before the Target Company may carry out certain activities. In addition, the Seller undertakes to manage the Target Company based on the principles of good faith and reasonableness, treat the assets and debts of the Target Company prudently and reasonably, and maintain the relationship with its customers, employees, creditors and other people with whom it contacts and the undertakings as referred in the Equity Transfer Agreement.

Conditions precedent

Completion of the Acquisition is subject to the satisfaction or waiver (as the case may be) of, including but not limited to, the following conditions precedent:

- (i) the Purchaser having completed the anti-monopoly reporting and obtained the approval of the PRC governmental regulatory authority in respect of the Equity Transfer Agreement;
- (ii) as at the date of payment of 60% of the Consideration, there is no material adverse change of the Target Company, including but not limited to material adverse change to the assets within the scope of its financial statements, business, financial condition and owner's equity;
- (iii) the Seller not in breach of the content of representation, undertaking, warranties, etc. given by itself to the Purchaser;
- (iv) the parties and the Target Company having signed all necessary documents to be submitted for industrial and commercial registration;
- (v) the parties having established the Joint Regulatory Account at a bank designated by them on the jointly agreed conditions; and
- (vi) the Target Company having obtained confirmation documents from the relevant banks in relation to repayment of certain borrowings.

Completion

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated in the consolidated financial statements of the Company.

FINANCIAL INFORMATION ABOUT THE TARGET COMPANY

The Target Company was established in the PRC with limited liability on 9 December 2004, the principal business of which is design, development and manufacturing of material for metal frame of IT products. The Target Company mainly manufactures metal frame, bottom case and parts of tablets, wearables and notebooks products with factory located in Kunshan City, Jiangsu Province, the PRC of approximately 52,000 square meters. As at the date of the Equity Transfer Agreement, the Target Company is wholly-owned by the Seller. Set out below is certain financial information of the Target Company for each of the two years ended 31 December 2019 and 31 December 2020, and the six months ended 30 June 2021:

	As at 31 December 2019 <i>(audited)</i> <i>(in RMB'000)</i>	As at 31 December 2020 <i>(audited)</i> <i>(in RMB'000)</i>	As at 30 June 2021 <i>(unaudited)</i> <i>(in RMB'000)</i>
Total assets	627,392	634,650	595,671
Net assets	231,451	310,682	349,387
	For the year ended 31 December 2019 <i>(audited)</i> <i>(in RMB'000)</i>	For the year ended 31 December 2020 <i>(audited)</i> <i>(in RMB'000)</i>	For the six months ended 30 June 2021 <i>(unaudited)</i> <i>(in RMB'000)</i>
Net profit before taxation	17,359	95,413	59,811
Net profit after taxation	17,359	79,231	44,705

GENERAL INFORMATION OF THE PARTIES

The Purchaser was incorporated in Hong Kong as a limited liability company and is an indirect wholly-owned subsidiary of the Company. The principal business activities of the Purchaser are investment holding.

The Seller is a company established with limited liability in Japan, the principal business activities of which are (i) manufacture of metal products, IT equipment chassis, optical equipment chassis, automotive equipment, various container products, construction sheet metal products, etc.; and (ii) metal surface treatment, comprehensive surface treatment for stainless steel, aluminium, titanium, etc.. According to the Seller, the Seller is held: (i) as to approximately 87.86% by Nippon Light Metal Co., Ltd. (日本輕金屬株式會社) (“**Nippon Light Metal**”); (ii) as to approximately 7.28% by Kaneko Takayuki; (iii) as to

approximately 3.89% by Sumitomo Mitsui Banking Corporation; and (iv) as to approximately 0.97% by The Daishi Management Consulting Co., Ltd.. Nippon Light Metal is wholly-owned by Nippon Light Metal Holdings Company, Ltd. (日本輕金屬控股株式會社) (“**Light Metal Holdings**”), a company listed on the Tokyo Stock Exchange with stock code 5703. According to the information provided by the Seller, as of 31 March 2021, the shareholders of Light Metal Holdings holding 5% or more of its shares were The Master Trust Bank of Japan, Ltd. (Trust Account) and Custody Bank of Japan, Ltd. (Trust Account).

REASONS FOR AND BENEFITS OF THE ACQUISITION

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. The Group provides advanced miniaturized and proprietary technology solutions in Acoustics, Optics, Electromagnetic Drives and Precision Mechanics, MEMS, Radio Frequency and Antenna.

The Target Company is specialized in design, development and manufacturing of material for metal frame, bottom case and parts of tablets, wearables and notebooks for European and America customers. The Target Company possesses advanced skills and technologies in its business operation with experienced management and stable production capacity.

As part of the Group’s business strategies, the Group intends to achieve inorganic growth by strategically pursuing partnership and acquisition opportunities. Upon completion of the Acquisition, the operation of the Target Company and the Group can be merged and the Group can provide a more comprehensive offering of products and services to its customers. The Acquisition will bring synergy to the business development of the Group and enhance the Group’s capabilities in precision mechanics. It will further expand its business scope, strengthen customer relationship, further improve its core competitiveness and enhance its ability of sustainable growth. Having considered the above, the Directors are of the view that the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements, but is exempted from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Acquisition”	the acquisition of 100% equity interests of the Target Company by the Purchaser from the Seller pursuant to the terms and conditions of the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	AAC Technologies Holdings Inc., an exempted 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
“Consideration”	the total consideration of RMB450 million payable by the Purchaser to the Seller for the Acquisition
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Seller and the Purchaser on 20 October 2021 (after trading hours), pursuant to which the Seller agreed to sell and the Purchaser agreed to purchase 100% equity interests in the Target Company
“Financial Reference Value”	the sum of borrowings, cash and working capital of the Target Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Regulatory Account”	the regulatory account designated by the Seller and the Purchaser
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Purchaser”	Huge Advance Investment Limited 益增投資有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Remaining Instalment”	either (i) 40% of the Consideration or (ii) the adjusted consideration minus 60% of the Consideration (if there shall be any adjustment of the Consideration in accordance with the Equity Transfer Agreement)
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Toyo Rikagaku Kenkyusho Co., Ltd. (株式會社東陽理化學研究所), a company established with limited liability in Japan
“Settlement Date”	the date when the Target Company completes the registration of industrial and commercial changes with the relevant authority
“Settlement Financial Statements”	the audited financial statements of the Target Company as at the end of the month immediately before the Settlement Date
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Toyo Precision Appliance (Kunshan) Co., Ltd. (東陽精密機器(昆山)有限公司), a company established with limited liability in the PRC
“%”	per cent.

On behalf of the Board
AAC Technologies Holdings Inc.
Ho Siu Tak Jonathan
Company Secretary

Hong Kong, 20 October 2021

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 four Independent Non-executive Directors, namely Mr. Zhang Hongjiang, Mr. Au Siu Cheung Albert, Mr. Peng Zhiyuan and Mr. Kwok Lam Kwong Larry.