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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)**

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO  
CONNECTED TRANSACTIONS  
AND  
CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of AAC Technologies Holdings Inc. (the “**Company**”) dated 20 December 2019 (the “**Announcement**”) in relation to, among others, entering into the 2020 Master Purchase Agreements. Unless otherwise specified, capitalised terms used herein shall have the same meaning ascribed to them in the Announcement.

The Company wishes to provide the shareholders and the public with the following additional information in relation to the 2020 Master Purchase Agreements:

**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 2020 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.

### **IT PROCUREMENT SYSTEM – PROCEDURES**

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 ("**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.

### **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 Company's external auditors in their annual statutory audits.

Through the abovementioned regular evaluation, assessment and audits carried out by the Group's internal auditors and external 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 2020 Master Purchase Agreements can be conducted on normal commercial terms, and not prejudicial to the interests of the Company and its minority shareholders.

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

Hong Kong, 8 January 2020



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

**Executive Directors:**

Mr. Pan Benjamin Zhengmin  
Mr. Mok Joe Kuen Richard

**Independent Non-executive Directors:**

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

**Non-executive Director:**

Ms. Wu Ingrid Chun Yuan