

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



APT Electronics Co., Ltd.
廣東晶科電子股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2551)

**CONTINUING CONNECTED TRANSACTION
EXCEEDING THE 2024 ANNUAL CAP AND
THE REVISION OF 2025 AND 2026 ANNUAL CAPS UNDER
THE PROCUREMENT FRAMEWORK AGREEMENT**

**EXCEEDING THE 2024 ANNUAL CAP UNDER THE PROCUREMENT
FRAMEWORK AGREEMENT**

Reference is made to the Prospectus in relation to, among other things, the Procurement Framework Agreement. As disclosed in the Prospectus, on October 12, 2024, the Company entered into the Procurement Framework Agreement with Geely Group, pursuant to which the Group may, from time to time, procure from Geely Group certain services and products, including but not limited to warehousing and other services for an initial term commencing from the Listing Date and ending on December 31, 2026.

During the course of preparing the consolidated annual results of the Group for the year ended December 31, 2024, it has come to the attention of the Board that the transaction amount of the Procurement made by the Group under the Procurement Framework Agreement for the year ended December 31, 2024 amounted to no more than RMB9.0 million (subject to the finalization of audit by the external auditors of the Company, with the maximum applicable percentage ratios calculated based thereon for the purposes of Chapter 14A of the Listing Rules at 0.55%), which exceeded the original annual cap for the year ended December 31, 2024 under the Procurement Framework Agreement of RMB4.4 million (with the maximum applicable percentage ratios calculated based thereon for the purposes of Chapter 14A of the Listing Rules at 0.27%).

LISTING RULES IMPLICATIONS

Geely Holding is held as to over 50% by LI Shufu (李書福), the father-in-law of ZHENG Xin, a non-executive Director, and the father of LI Xingxing (李星星), who is a substantial Shareholder by virtue of his interest in Yaoning Technology. Therefore, Geely Group is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Procurement Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the actual transaction amount under the Procurement Framework Agreement exceeds the original annual cap for the year ended December 31, 2024, the Company is required to re-comply with the applicable requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.54(1) of the Listing Rules.

As the maximum applicable percentage ratio calculated for the purposes of Chapter 14A of the Listing Rules with reference to the actual transaction amount for the year ended December 31, 2024 and the revised annual caps for each of the years ending December 31, 2025 and 2026 under the Procurement Framework Agreement exceeds 0.1% but is less than 5%, pursuant to Rule 14A.76(2) of the Listing Rules, the Procurement Framework Agreement is subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the section headed “Connected Transactions — Non-exempt Continuing Connected Transaction (Subject to Reporting, Annual Review and Announcement Requirements)” in the Prospectus, which contains details of the continuing connected transactions entered into between the Company and Geely Group.

CONTINUING CONNECTED TRANSACTIONS WITH GEELY GROUP

As disclosed in the Prospectus, on October 12, 2024, the Company entered into the Procurement Framework Agreement with Geely Group, pursuant to which the Group may, from time to time, procure from Geely Group certain services and products, including but not limited to warehousing and other services for an initial term commencing from the Listing Date and ending on December 31, 2026, and may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

In the Company's ordinary and usual business associated with the intelligent automotive vision projects with Geely Group, the Company has been procuring warehousing services from Geely Group to facilitate storage and regional delivery of relevant products to Geely Group. By storage of products at closer proximity to customers, such procurement improves the Company's operational efficiency and flexibility of service response, on the one hand, and improves the customer experience of Geely Group, on the other hand. The Company also procures other services (including but not limited to supply chain logistics services) from Geely Group to enjoy more favorable pricing terms given the enhanced economy of scale achieved by bulk procurement. Based on its experience in cooperations with Geely Group in respect of the Procurement, the Company considers that Geely Group is capable of effectively and stably satisfying the Company's demands with quality services. Therefore, the Company believes it is in the interests of the Company and the Shareholders to enter into the Procurement Framework Agreement and to continue with the Procurement upon the Listing.

PRICING POLICY

The pricing for the warehousing services shall be determined based on arm's length negotiations between the parties with reference to market rates of similar services, taking into account factors such as storage time and space taken and type of products concerned. For other services, including but not limited to supply chain logistics services, Geely Group charges the Company fees at the similar level charged to Geely Group's affiliates, which shall be based on the costs incurred, including but not limited to administrative and labor costs.

The terms are to be no less favorable to the Company than those for transactions between the Company and independent third parties under the same conditions. The Company regularly reviews the prices charged by Geely Group in providing relevant services with reference to prevailing market prices of similar services to ensure they are on normal commercial terms and are fair and reasonable.

EXCEEDING THE ORIGINAL 2024 ANNUAL CAP

During the course of preparing the consolidated annual results of the Group for the year ended December 31, 2024, it has come to the attention of the Board that the transaction amount of the Procurement made by the Group under the Procurement Framework Agreement for the year ended December 31, 2024 amounted to no more than RMB9.0 million (subject to the final audit by the external auditors of the Company, with the maximum applicable percentage ratios calculated based thereon for the purposes of Chapter 14A of the Listing Rules at 0.55%), which exceeded the original annual cap for the year ended December 31, 2024 of RMB4.4 million under the Procurement Framework Agreement (with the maximum applicable percentage ratios calculated based thereon for the purposes of Chapter 14A of the Listing Rules at 0.27%) ("**the Original 2024 Annual Cap**"). According to Rule 14A.54(1) of the Listing Rules, a listed issuer is required to re-comply with the announcement and shareholders' approval requirements before the cap is exceeded. Exceeding the Original 2024 Annual Cap constitutes a breach of Rule 14A.54(1) of the Listing Rules.

REASONS FOR EXCEEDING THE ORIGINAL 2024 ANNUAL CAP

The actual transaction amount under the Procurement Framework Agreement exceeded the Original 2024 Annual Cap, due to:

- (a) Geely Group is one of the important customers of the Group. As disclosed in the Prospectus, in the ordinary and usual business associated with the intelligent automotive vision projects with Geely Group, the Group is required to purchase warehousing services and other services (including but not limited to supply chain logistics services) from external suppliers in order to sell its intelligent automotive vision products to Geely Group. In order to improve the Group's operational efficiency and flexibility of service response, and improve the customer experience of Geely Group, while the Company procures supply chain logistics services from external independent third parties, the Company also procures such services from Geely Group; and
- (b) Having considered that (a) as compared with other external suppliers (who were independent third parties) providing supply chain logistics services to the Company at that time, the supply chain logistics services provided by Geely Group, featuring "integration" of logistics services, are conducive to further improving the Group's operational efficiency and flexibility of service response in intelligent automotive vision projects with Geely Group, and to improving the customer experience of Geely Group; and (b) the conditions of such services (including but not limited to purchase unit price, service quality, etc.) provided by Geely Group are all superior to those provided by the then independent third party suppliers in the market, the business department of the relevant subsidiary of the Group believes that the supply chain logistics services provided by Geely Group are more suitable for their business needs and can save corporate expenses, and therefore decided to reduce the proportion of supply chain logistics services procured from independent third parties and increase the proportion of procurement from members of Geely Group accordingly in the fourth quarter of 2024. However, due to the negligence of the operating personnels of the relevant subsidiary of the Group, who failed to report with emphasis such changes to the management of the Company in a timely manner, the relevant transaction amount under the Procurement Framework Agreement exceeded the Original 2024 Annual Cap, unbeknown to the management of the Company, which was not discovered until the current process of the preparation of the Group's consolidated annual results for the year ended December 31, 2024;

ENHANCED INTERNAL CONTROL MEASURES OF CONTINUING CONNECTED TRANSACTIONS

The Directors are of the opinion that the actual transaction amount under the Procurement Framework Agreement exceeding the Original 2024 Annual Cap is unintentional. In order to ensure that the Company is in compliance with the applicable requirements of the Listing Rules going forward and with a view to preventing such event from re-occurring, the Company has taken the following measures to further strengthen its internal control over continuing connected transactions:

- (a) The Company has trained and will continue to arrange regular training for its staff, including those from the business operations, finance, legal and compliance departments, to enhance their familiarity with the Listing Rules and to raise their awareness of compliance with the internal control procedures in relation to the Group's continuing connected transactions;
- (b) The Board and each of the internal departments (including the finance, legal and compliance, and business operations departments) will be jointly responsible for evaluating the terms under continuing connected transactions framework agreements, in particular the fairness and reasonableness of the pricing policy as well as the proposed annual caps under each transaction;
- (c) All members of the Group will be required to report to the finance department of the Company, which will closely monitor the actual transaction amounts of their continuing connected transactions on a monthly basis. If at any time the actual transaction amount reaches 80% of the proposed annual caps for the relevant continuing connected transaction, the finance department of the Company shall report to the senior management of the Company. The senior management shall seek advice from the audit committee of the Company and the Board shall consider taking appropriate measures, including but not limited to further revising the revised annual caps and complying with the relevant announcement and/or independent Shareholders' approval requirements (if necessary) in accordance with the Listing Rules; and
- (d) Before renewing, adding to the existing business and/or commencing new forms of business with any connected persons, the relevant business operations department should first report to the finance and compliance departments, and the senior management should assess whether the scope of the existing continuing connected transactions and the relevant proposed annual caps shall be revised and/or whether new framework agreements shall be entered into for such new transactions.

REVISION OF 2025 AND 2026 ANNUAL CAPS

In view of the fact that the Original 2024 Annual Cap has been exceeded and taking into account the expected further increase in the transaction amounts in relation to the procurement of supply chain logistics services (as detailed below), the Board has resolved on January 23, 2025 to revise the existing annual caps for the years ending December 31, 2025 and 2026, respectively, as follows:

	<i>(RMB'000)</i>			
	For the year ending December 31, 2025		For the year ending December 31, 2026	
	<i>Existing annual cap</i>	<i>Revised annual cap</i>	<i>Existing annual cap</i>	<i>Revised annual cap</i>
Procurement fees to be paid by the Group	4,800	13,450	5,700	16,050

Save for the revision of the existing annual caps, all other terms and conditions under the Procurement Framework Agreement remain unchanged.

The revised annual caps have been determined with reference to the following factors:

- (a) the historical transaction amount for the year ended December 31, 2024 and the substantial growth trend as compared to 2022 and 2023;
- (b) the expected overall procurement demand under the Procurement Framework Agreement for the two years ending December 31, 2026, taking into account the expected growth in the volume of sales of the Group to Geely Group and the corresponding growth in demand for warehousing services, supply chain logistics services and other services that the Group may potentially procure from Geely Group;
- (c) as the supply chain logistics services provided by Geely Group are more suitable for the business needs of the Group as compared with the Group's existing independent third party external suppliers of equivalent services, taking into account that (i) the services provided by Geely Group, featuring "integration" of logistics services, are conducive to further improving the Group's operational efficiency and flexibility of service response in intelligent automotive vision projects with Geely Group, and to improving the customer experience of Geely Group; and (ii) the conditions of such services (including but not limited to purchase unit price, service quality, etc.) are all superior to those provided by the independent third party suppliers in the market and can save corporate expenses, the Company plans to further increase the proportion of the procurement of supply chain logistics services from members of Geely Group in 2025 and 2026; and

- (d) the estimated unit prices of the Procurement determined based on the existing contracts or arrangements between the Group and Geely Group.

REASONS FOR AND BENEFITS OF THE REVISION OF THE 2025 AND 2026 ANNUAL CAPS

In the ordinary and usual business of the Group associated with the intelligent automotive vision projects with Geely Group, the Company has been procuring warehousing services from Geely Group to facilitate storage and regional delivery of relevant products to Geely Group. By storage of products at closer proximity to customers, such procurement improves the Company's operational efficiency and flexibility of service response, on the one hand, and improves the customer experience of Geely Group, on the other hand. The Company also procures other services (including but not limited to supply chain logistics services) from Geely Group to enjoy more favorable pricing terms given the enhanced economy of scale achieved by bulk procurement and save corporate expenses. Based on its experience in cooperations with Geely Group in respect of the Procurement, the Company considers that Geely Group is capable of effectively and stably satisfying the Company's demands with quality services.

The terms of the Procurement Framework Agreement were arrived at after arm's length negotiations between the parties. The Directors (including all the independent non-executive Directors) have confirmed that the transactions contemplated under the Procurement Framework Agreement and the revised annual caps for the years ending December 31, 2025 and 2026, respectively, are fair and reasonable, are on normal commercial terms or better and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Geely Holding is held as to over 50% by LI Shufu (李書福), the father-in-law of ZHENG Xin, a non-executive Director, and the father of LI Xingxing (李星星), who is a substantial Shareholder by virtue of his interest in Yaoning Technology. Therefore, Geely Group is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Procurement Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the actual transaction amount under the Procurement Framework Agreement for the year ended December 31, 2024 exceeds the Original 2024 Annual Cap, the Company is required to re-comply with the applicable requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.54(1) of the Listing Rules.

As the maximum applicable percentage ratio calculated for the purposes of Chapter 14A of the Listing Rules with reference to the actual transaction amount for the year ended December 31, 2024 and the revised annual caps for each of the years ending December 31, 2025 and 2026 under the Procurement Framework Agreement exceeds 0.1% but is less than 5%, pursuant to Rule 14A.76(2) of the Listing Rules, the Procurement Framework Agreement is subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION OF THE PARTIES

The Company

The Company is a provider of intelligent vision products and system solutions encompassing intelligent automotive vision, high-end lighting and advanced display. Leveraging industry insights and proactive approaches to technological innovation, the Company houses a broad array of “LED+” technologies that integrate LED technologies with integrated circuits, electronic control, software, sensors, optics and others. The Company designs, develops and manufactures a wide range of LED intelligent vision products and system solutions, namely, LED products and system solutions, covering functions of lighting, illumination, display, sensing, decoration and interaction, with intelligent features. Specifically, the LED intelligent vision products of the Company encompass intelligent automotive vision products, high-end lighting products and advanced display products.

Geely Group

Geely Group comprises Geely Holding and its subsidiaries, including but not limited to Geely Automobile Holdings Limited (a company listed on the Stock Exchange (stock code: 175)), Lynk & Co Investment Co., Ltd., ZEEKR Intelligent Technology Holding Limited. Geely Holding is held as to 82.23%, 8.06% and 9.71% by LI Shufu (李書福), a connected person of the Company, LI Xingxing (李星星), a substantial Shareholder, and Ningbo Yima Enterprise Management Partnership (Limited Partnership) (寧波翊馬企業管理合夥企業(有限合夥)), a limited partnership ultimately controlled by LI Shufu (李書福), respectively.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China excluding, for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Company” or “the Company”	APT Electronics Co., Ltd. (廣東晶科電子股份有限公司), a limited liability company established in the PRC on August 30, 2006, the H Shares of which have been listed on the Main Board of the Hong Kong Stock Exchange since November 8, 2024
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors(s)”	the directors(s) of the Company
“Geely Group”	Geely Holding and its subsidiaries
“Geely Holding”	Zhejiang Geely Holding Group Company Limited (浙江吉利控股集團有限公司), a limited liability company established in the PRC on March 24, 2003 and a connected person of the Company
“Group” or “the Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign shares in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“independent third party(ies)”	any entity or person who to the best of the Directors’ knowledge, information and belief, is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
“Listing”	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange since the Listing Date
“Listing Date”	November 8, 2024
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Procurement”	the Group may, from time to time, procure from Geely Group certain services and products, including but not limited to warehousing and other services

“Procurement Framework Agreement”	the procurement framework agreement entered into between the Company and Geely Group on October 12, 2024, pursuant to which the Group may, from time to time, conduct Procurements from Geely Group
“Prospectus”	the prospectus of the Company dated October 31, 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	the shareholder(s) of the Company
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Yaoning Technology”	Zhejiang Yaoning Technology Group Co., Ltd. (浙江耀寧科技集團有限公司), formerly known as Zhejiang Yaoning Technology Co., Ltd. (浙江耀寧科技有限公司), a limited liability company established in the PRC on December 22, 2020 and a substantial Shareholder

By order of the Board
APT Electronics Co., Ltd.
Xiao Guowei David
Chairperson of the Board

Hong Kong, January 23, 2025

As at the date of this announcement, the Board comprises Mr. Xiao Guowei David as executive Director, Mr. Chan Philip Ching Ho, Mr. Yuan Lie Ming Peter, Mr. Wu Nan-Yang and Mr. Zheng Xin as non-executive Directors, and Ms. Zhang He, Ms. Lin Nan, Ms. Ding Hui and Mr. Chan Chi Kong as independent non-executive Directors.