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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in **BYD ELECTRONIC (INTERNATIONAL) COMPANY LIMITED**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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比亞迪電子(國際)有限公司
BYD ELECTRONIC (INTERNATIONAL) COMPANY LIMITED

(incorporated in Hong Kong under the Companies Ordinance with limited liability)
(Stock Code: 285)

**REVISION OF EXISTING ANNUAL CAPS FOR
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 18 of this circular. A letter from the Independent Board Committee is set out on pages 19 to 20 of this circular. A letter from Honestum International Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 43 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at the conference room of BYD Company Limited at No. 3009, BYD Road, Pingshan District, Shenzhen, the People's Republic of China on Tuesday, 20 December 2022 at 10 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend and/or vote at the extraordinary general meeting in person, you are requested to complete the enclosed proxy form and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from subsequently attending and voting at the extraordinary general meeting or any adjournment thereof in person should you so wish.

2 December 2022

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

“Announcement”	the announcement of the Company dated 11 November 2022 in respect of, among others, the Non-exempt Continuing Connected Transactions and the Revised Annual Caps
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“BYD”	BYD Company Limited (比亞迪股份有限公司), a joint stock company incorporated in the PRC with limited liability whose H shares are listed on the Main Board of the Stock Exchange and A shares are listed on the Main Board of the Shenzhen Stock Exchange
“BYD Group”	BYD and its subsidiaries (excluding, except where the context indicates otherwise, the Group)
“Company”	BYD Electronic (International) Company Limited (比亞迪電子(國際)有限公司), a company incorporated in Hong Kong with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Tuesday, 20 December 2022 for the Independent Shareholders to consider and, if thought fit, approve, the Supplemental Agreements, the transactions contemplated thereunder and the Revised Annual Caps

DEFINITIONS

“Existing Annual Cap(s)”	the existing cap(s) for the Existing Continuing Connected Transaction Agreements set out in the section headed “II. REVISION OF EXISTING ANNUAL CAPS FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS” in the letter from the Board contained in this circular from 1 January 2022 to 31 December 2024 as disclosed in the Company’s announcement dated 8 December 2021
“Existing Continuing Connected Transaction Agreement(s)”	the Existing Purchase Agreement, and the Existing Supply Agreement
“Existing Purchase Agreement”	the goods purchase agreement dated 8 December 2021 between the Company and BYD in relation to the purchase of products (including batteries) by the Group from the BYD Group
“Existing Supply Agreement”	the goods supply agreement dated 8 December 2021 between the Company and BYD in relation to the supply of products by the Group to the BYD Group
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising Mr. CHUNG Kwok Mo John, Mr. Antony Francis MAMPILLY and Mr. QIAN Jing-jie, being the independent non-executive Directors
“IFA” or “Independent Financial Adviser”	Honestum International Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the Revised Annual Caps
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM
“Latest Practicable Date”	29 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Non-exempt Continuing Connected Transactions”	being the continuing connected transactions of the Group as contemplated under each of the Supplemental Supply Agreement and the Supplemental Purchase Agreement, for which the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules exceed 5%, and, accordingly, are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau, Special Administrative Region of the PRC and Taiwan
“Revised Annual Caps”	the Existing Annual Caps as revised pursuant to the Supplemental Agreements and as disclosed in the section headed “II. REVISION OF EXISTING ANNUAL CAPS” in the letter from the Board in the Company’s announcement dated 11 November 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares of the Company
“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreements”	the Supplemental Supply Agreement and the Supplemental Purchase Agreement
“Supplemental Purchase Agreement”	the supplemental goods purchase agreement dated 11 November 2022 entered into between the Company and BYD to revise the Existing Purchase Agreement

DEFINITIONS

“Supplemental Supply Agreement”

the supplemental goods supply agreement dated 11 November 2022 entered into between the Company and BYD to revise the Existing Supply Agreement

“%”

per cent

LETTER FROM THE BOARD



比亞迪電子(國際)有限公司 BYD ELECTRONIC (INTERNATIONAL) COMPANY LIMITED

(incorporated in Hong Kong under the Companies Ordinance with limited liability)
(Stock Code: 285)

Board of Directors:

Executive Directors

Mr. WANG Nian-qiang

Mr. JIANG Xiang-rong

Non-executive Directors

Mr. WANG Chuan-fu

Mr. WANG Bo

Independent Non-executive Directors

Mr. CHUNG Kwok Mo John

Mr. Antony Francis MAMPILLY

Mr. QIAN Jing-jie

Registered Office:

Part of Unit 1712, 17th Floor, Tower 2

Grand Central Plaza,

138 Shatin Rural Committee Road

New Territories

Hong Kong

Head Office and Principal Place of Business in PRC:

No. 3001, Bao He Road

Baolong, Longgang

Shenzhen, 518116

The PRC

2 December 2022

To the Independent Shareholders

Dear Sir or Madam,

REVISION OF EXISTING ANNUAL CAPS FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcement dated 11 November 2022 in which it was stated that the Company has entered into, amongst others, the Supplemental Agreements in respect of the Non-exempt Continuing Connected Transactions as more particularly set out therein.

Due to the continuous expansion of BYD Group's new energy vehicle product matrix, the continuous growth of sales volume and the continuous expansion of the Group's new energy vehicle (automotive intelligent system) business, the scope and scale of new energy vehicle related products supplied by the Group to BYD Group will continue to expand. Due to the BYD

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Group's strategic layout in new energy vehicle business in the electrification and intelligent direction, the Group will provide more related services to the BYD Group in the areas of design, processing, testing and research and development support. As the Group's new intelligent product business achieved good sales volume overseas, benefiting from the overall growth of the industry, the scale of products that the Group needs to purchase from the BYD Group for production continued to expand. In view of these factors, the Board anticipated that certain transactions under the Existing Continuing Connected Transaction Agreements will exceed the Existing Annual Caps under the Continuing Connected Transactions for the three years ending 31 December 2024. Accordingly, the Directors propose to revise the Existing Annual Caps for the three years ending 31 December 2024 under the Existing Continuing Connected Transactions Agreements, respectively.

On 11 November 2022 (after trading hours), the Company entered into the Supplemental Agreements with BYD to revise the Existing Annual Caps. Save for the revision of the Existing Annual Caps, all other terms and conditions under the Existing Continuing Connected Transaction Agreements remain the same.

This circular gives you further information in relation to (i) the transactions contemplated thereunder the Non-exempt Continuing Connected Transaction Agreements, and the relevant Revised Annual Caps; (ii) the advice from the Independent Board Committee to the Independent Shareholders in relations to the Non-exempt Continuing Connected Transaction Agreements and the relevant Revised Annual Caps; and (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transaction Agreements and the relevant Revised Annual Caps.

II. REVISION OF EXISTING ANNUAL CAPS FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Details of the Non-exempt Continuing Connected Transaction Agreements are set out below:

A. Supply of products by the Group to the BYD Group

Agreement:	Supplemental Supply Agreement
Date:	11 November 2022
Parties:	1. The Company 2. BYD
Duration:	From 11 November 2022 to 31 December 2024, unless terminated earlier in accordance with the terms of the Existing Supply Agreement.

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Subject: Pursuant to the Supplemental Supply Agreement, the Existing Annual Caps under the Existing Supply Agreement are revised as follows:

For the year ending 31 December 2022		For the year ending 31 December 2023		For the year ending 31 December 2024	
Existing annual cap <i>RMB'000</i>	Revised annual cap	Existing annual cap <i>RMB'000</i>	Revised annual cap	Existing annual cap <i>RMB'000</i>	Revised annual cap
6,492,341	8,067,663	7,772,393	24,480,296	9,200,644	26,534,547

Save for the revision of the Existing Annual Caps to the Revised Annual Caps, all other terms and conditions remain the same.

Subject, price determination and payment terms under the Existing Supply Agreement

The subject, pricing term and payment term under the Existing Supply Agreement remain the same and are set out below:

Subject

The Group agreed to supply to BYD Group products required for the production of BYD Group's products and materials, such as rotatable display screens, injection molded parts, moulds and certain other products and materials.

Price determination

The Group will determine the selling prices after arm's length negotiation between the Group and the BYD Group with reference to factors including the extent that the product is customised, scale of supply, technological improvements in the products, and generally the selling prices shall not be lower than prices charged to its independent third party customers for similar products by the Group, which represents the then prevailing market prices.

The Group has already implemented a policy to review the terms of supply of products offered to the BYD Group before proceeding to give quotations to the BYD Group in respect of its purchase orders. Particularly, the Group will compare the terms of supply of products, including but not limited to the prices, in two to three transactions in respect of the same or similar products offered to independent third party customers, to ensure that the terms offered by the Group to the BYD Group will be no more favourable than those offered to independent third party customers of the Group.

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In accordance with the Group's internal policies, the Non-exempt Continuing Connected Transactions contemplated under the Existing Supply Agreement will be properly recorded, including but not limited to prices determined and transaction amounts. As the management of the Group will review the aforesaid pricing policy on a quarterly basis, our Directors are of the view that the aforesaid method and procedures can ensure that the Non-exempt Continuing Connected Transactions contemplated under the Existing Supply Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

Historical Transaction Amounts

The transaction amounts for the supply of products by the Group to the BYD Group for the year ended 31 December 2021 and the nine months ended 30 September 2022 were approximately RMB2,747,155,000 and RMB4,942,838,000, respectively.

Basis for the determination of the Revised Annual Caps

The Revised Annual Caps under the Supplemental Supply Agreement were determined primarily based on arm's length negotiations between the Company and BYD with reference to, among others:

- (i) the historical transaction amounts. From 1 January 2022 to 30 September 2022, the actual transaction amount incurred under the Existing Supply Agreement was approximately RMB4,942,838,000, representing approximately 76.13% of the Existing Annual Caps for the year ending 31 December 2022;
- (ii) an expected increase in the sales volume of existing products. Based on the published figures of the BYD Group, the sales volume of new energy vehicles sold by the BYD Group as at 31 October 2022 has increased by approximately 233.9% year-on-year. As stated in the circular of the Company dated 18 January 2022, it is expected that the New Energy Vehicle Industry Development Plan (2021-2035) (《*新能源汽车产业發展規劃(2021-2035)*》) issued by the State Council of the PRC will continue to promote robust growth of the new energy vehicle industry of the PRC, and with the BYD Group being an industry leader in promoting the new energy vehicle industry of the PRC into a high-quality development stage through technological innovation, the BYD Group expects that its new energy passenger vehicle business will continue to maintain rapid growth in the future. As the sales volume and market share of the BYD Group's new energy vehicle products continue to grow rapidly, it is expected that its demand for the Group's existing products (such as rotatable display screens, injection molded parts, moulds and certain other products and materials), some of which are required in each of the new energy passenger vehicle produced by the BYD Group, will increase correspondingly;

LETTER FROM THE BOARD

- (iii) an expected increase in the sale price per unit of existing products. Due to the good progress made in the expansion of the BYD Group's new energy vehicle product matrix and brand premiumisation, the BYD Group has raised its requirements on the specifications and performance of the Group's existing products (such as rotatable display screens). For rotatable display screens produced by the Group which is expected to contribute to approximately 85%, 85% and 86% of the transaction amounts under the Existing Supply Agreement for the years ending 31 December 2022, 2023 and 2024 respectively, its improved specifications resulted in an increase in the price of rotatable display screen of approximately 5% per unit. This results in an increase in the per unit sales revenue of the relevant products of the Group; and
- (iv) an expected expansion of products offerings. As a result of the increase in the Group's production capacity and new business expansion, it is expected that the Group will also expand the existing product offerings to a wider range of products including intelligent driving, intelligent cockpits and automobile parts production line equipment. As at the date of this circular, it is anticipated that new products produced by the Group will be offered by the Group to the BYD Group as from late 2022. Based on the latest estimates, this will cause an increase in the transaction amount under the Existing Supply Agreement by approximately RMB450 million, RMB6.79 billion and RMB6.3 billion in the years ending 31 December 2022, 2023 and 2024 respectively.

As one or more of the applicable percentage ratio(s) in respect of the Revised Annual Caps for the three years ending 31 December 2024 under the Supplemental Supply Agreement exceed 5%, the transactions contemplated thereunder constitute Non-exempt Continuing Connected Transactions of the Company. The Non-exempt Continuing Connected Transactions and their Revised Annual Caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. BYD and its associates will be required to abstain from voting at the EGM in relation to the resolution to be proposed in respect of Revised Annual Caps and the Supplemental Supply Agreement.

As the transactions contemplated under the Supplemental Supply Agreement for the three years ending 31 December 2024 constitute Non-exempt Continuing Connected Transactions and the Revised Annual Caps are subject to the approval of the Independent Shareholders, the Supplemental Supply Agreement is conditional upon the said resolution being passed at the EGM.

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B. Purchase of products (including batteries) by the Group from the BYD Group

Agreement:	Supplemental Purchase Agreement
Date:	11 November 2022
Parties:	1. The Company 2. BYD
Duration:	From 11 November 2022 to 31 December 2024, unless terminated earlier in accordance with the terms of the Existing Purchase Agreement.
Subject:	Pursuant to the Supplemental Purchase Agreement, the Existing Annual Caps under the Existing Purchase Agreement are revised as follows:

For the year ending 31 December 2022		For the year ending 31 December 2023		For the year ending 31 December 2024	
Existing annual cap	Revised annual cap	Existing annual cap	Revised annual cap	Existing annual cap	Revised annual cap
RMB'000		RMB'000		RMB'000	
2,827,615	3,524,350	3,697,936	6,353,855	5,077,895	7,177,079

Save for the revision of the Existing Annual Caps to the Revised Annual Caps, all other terms and conditions remain the same.

Subject, price determination and payment terms under the Existing Purchase Agreement

Subject

The BYD Group agreed to supply batteries used for producing specific new intelligent products, materials used for production of handset casings, plastic structural materials, packaging materials and certain other products and materials, as well as batteries according to the specifications as requested by the Group from time to time for certain new intelligent products produced by the Group, to the Group.

Price determination

For the Group's purchases of products other than batteries, the Group will make reference to prices of similar products charged by its independent third party suppliers to ensure that BYD Group is selling the products at the then prevailing market prices, and in any event at terms and prices no less favourable than those offered to the Group by an

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independent third party for the same or similar products. For purchases of batteries, the prices of the batteries offered by the BYD Group to the Group shall be with reference to the costs of production of the batteries of the BYD Group plus a profit margin agreed between the Group and BYD Group after arm's length negotiation (such profit margin shall be determined with reference to factors including but not limited to specification of the battery product, size of the orders and market environment, and shall not be greater than such profit margin which the BYD Group has in respect of similar products supplied by the BYD Group to its independent third party customers), and in any event at terms and prices no less favourable than those offered to the Group by an independent third party for the same or similar type of batteries offered in the PRC and for the same or comparable volume, delivery schedules and terms (unless there is no such reference price available). Depending on the expected quantity and/or the specification of the batteries required, members of the Group shall have the right to engage different suppliers, including the BYD group, through a tendering or price comparison process.

For the Group's purchase of products from the BYD Group (including batteries), the Group has already implemented a policy to request suppliers, including the BYD Group and independent third party suppliers, to provide quotations in respect of the same or similar products (except for materials of insignificant amount) before making purchase orders with the BYD Group. It is the Group's policy to obtain at least two to three quotations from suppliers. After receiving quotations, the Group will compare the price offered by the BYD Group and other criteria (such as the capability to meet the Group's delivery schedule and ensure quality of products) with that of independent third party suppliers so as to determine the engagement results. For the Group's purchase of batteries from the BYD Group, reference prices for batteries may not be readily available to the Group. This is because batteries supplied by the BYD Group under the Existing Purchase Agreement are made-to-order in accordance with specifications required by the Group, and since the BYD Group, being an established battery producer in the world that is also the controlling shareholder of the Group, is one of the biggest competitors of other battery producers, batteries from other suppliers may not be available for purchase by the Group. Therefore, for the Group's purchase of batteries from the BYD Group, in the event that no reference price is available rendering the above policy ineffective, the Group has implemented a policy to request that the BYD Group provide at least 3 executed purchase orders of independent third party customers of the BYD Group in respect of the same or similar products during the same period to the Group. After receiving the executed purchase orders from the BYD Group, the Group will compare the prices and terms offered by the BYD Group to the Group with those to the independent third party customers of the BYD Group so as to determine that the prices and terms of the purchase order offered by the BYD Group to the Group is no less favourable than those offered by the BYD Group to its independent third party customers.

In respect of purchases of batteries, in order to determine whether the profit margin agreed between the Group and BYD Group is at such profit margin that is not greater than such profit margin which BYD has in respect of similar products supplied by BYD Group to its independent third party customers, the Group will request that the BYD Group

LETTER FROM THE BOARD

provide relevant data of the Group's purchase order and at least 3 executed purchase orders of independent third party customers of the BYD Group in respect of the same or similar batteries during the same period to the Group. The Group will compare the profit margin which the BYD Group has under the Group's purchase orders with that of the BYD Group's independent third party customers to confirm that the profit margin of batteries to be supplied to the Group is not greater than such profit margin that the BYD Group has in respect of the same or similar batteries.

The Group will conclude the purchase with the BYD Group only when those selection criteria can be met after taking into consideration the range of relevant factors, including but not limited to, prices, terms of delivery, specification of the products, terms of payment and size of order, etc., in order to safeguard the interests of the Group. In accordance with the Group's internal policies, the Non-Exempt Continuing Connected Transaction under the Existing Purchase Agreement will be properly recorded, including but not limited to prices determined and transaction amounts. As the management of the Group will review the aforesaid pricing policy on a quarterly basis and compare the quotation provided by the BYD Group and independent third party suppliers, our Directors are of the view that the aforesaid method and procedures can ensure that the Non-Exempt Continuing Connected Transaction contemplated under the Existing Purchase Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

Payment terms

Payment of each transaction will comply with the payment terms agreed by the relevant parties in the relevant contract(s) or order.

Historical Transaction Amounts

The transaction amounts charged for the purchase of products (including batteries) by the Group from the BYD Group for the year ended 31 December 2021 and the nine months ended 30 September 2022 were approximately RMB1,823,358,000 and RMB2,198,482,000 respectively.

Basis for the determination of the Revised Annual Caps

The Revised Annual Caps under the Supplemental Purchase Agreement were determined primarily based on arm's length negotiations between the Company and BYD with reference to, among others:

- (i) the historical transaction amounts, from 1 January 2022 to 30 June 2022, the actual transaction amount incurred under the Existing Purchase Agreement was approximately RMB2,198,482,000, representing approximately 77.75% of the Existing Annual Caps for the year ending 31 December 2022; and

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- (ii) the Group's plan to increase its purchase of products, mainly batteries, produced by the BYD Group due to the rapid development of its new intelligent product business (such as smart home, gaming hardware, unmanned aerial vehicles, floor mopping robots and commercial equipment), as a result of the new lifestyle and consumption trends arising from the COVID-19 pandemic. As disclosed in the 2021 annual report of the Company, the Group has been adopting a positive market expansion strategies with the new intelligent products. The Group's foresight in smart home, Internet of Things, unmanned aerial vehicles and electronic atomization has continued opening up a wide range of growth opportunities. The revenue from the new intelligent product business accounted for approximately 14% and 16% of the Group's overall revenue for the year ended 31 December 2021 and the six months ended 30 June 2022 respectively. The new intelligent product business of the Group maintained a rapid growth for the six months ended 30 June 2022, representing an increase in revenue of approximately 38.0% year-on-year. Coupled with a rapid increase in demand in the European market for the new intelligent products produced by the Group since 2020, it is expected that the new intelligent product business will continue to grow further than originally expected. While most of the intelligent products of the Group require batteries produced by the BYD Group, the Group plans to increase its purchase of products produced (mainly batteries) by the BYD Group in order to keep up with the potential growth of its intelligent product business.

As one or more of the applicable percentage ratio(s) in respect of the Revised Annual Caps for the three years ending 31 December 2024 under the Supplemental Purchase Agreement exceed 5%, the transactions contemplated thereunder constitute Non-exempt Continuing Connected Transactions of the Company. The Non-exempt Continuing Connected Transactions and their Revised Annual Caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. BYD and its associates will be required to abstain from voting at the EGM in relation to the resolution to be proposed in respect of the Revised Annual Caps and the Supplemental Purchase Agreement.

As the transactions contemplated under the Supplemental Purchase Agreement for the three years ending 31 December 2024 constitute Non-exempt Continuing Connected Transactions and the Revised Annual Caps are subject to the approval of the Independent Shareholders, the Supplemental Purchase Agreement is conditional upon the said resolution being passed at the EGM.

LETTER FROM THE BOARD

III. REASONS AND BENEFITS OF THE REVISED ANNUAL CAPS

The Group has entered the automotive field since 2013 and has advanced R&D and manufacturing capabilities and excellent product quality. Over the years, the Group has been providing relevant products such as central control systems and communication modules to renowned automotive manufacturers including the BYD Group. At the same time, based on the expectation of the long-term development trend of electrification, intelligence and networking in the automobile industry, the Group has strategically deployed numerous product lines in the field of new energy vehicles, including intelligent driving products and intelligent cockpits products, and has reserved abundant technical and talent resources in related fields. Benefiting from the explosive growth of the new energy vehicle industry and the BYD Group's new energy vehicle business since 2022, on the basis of expanding the existing product offerings, the Group began to output new product categories and provide the BYD Group with production line equipment for automotive parts and components, and various research and development and processing services by leveraging its own assembly and manufacturing capabilities. In addition, in terms of the new intelligent product business, the Group has been adopting a proactive expansion strategy to adapt to the new consumption trend and technological development, and has accumulated a stable customer base in overseas markets and obtained a good market share.

Given the long-term cooperation and the historical friendly relationship between the Group and BYD Group, the two parties are familiar with the product standards and transaction terms, which can save significant communication costs and reduce the rework rates. The close proximity of the factories and properties of the Group and the BYD Group will reduce logistics costs and improve operational efficiency. In addition, the transactions between the parties based on fair prices will also help each other expand business scale, reduce various capital expenditures and achieve reasonable profits. The advantageous position of BYD Group in the new energy vehicle industry is also conducive to providing a quality endorsement for the Group's new energy vehicle related product categories, laying a good foundation for the Group to expand its customer base.

Based on the aforementioned reasons, the Board anticipated that the Existing Annual Caps under the Existing Continuing Connected Transaction Agreements for the three years ending 31 December 2024 will be exceeded. As such, the Directors propose to revise the Existing Annual Caps for the three years ending 31 December 2024 for each of the Existing Continuing Connected Transaction Agreements respectively. The Board considers that the Supplemental Agreements and the Revised Annual Caps will facilitate the Group to satisfy the increased demand from customers and sales growth. The Company will continue to carry out adequate supervision over the transaction amounts in respect of the relevant annual caps going forward with a view to ensuring that necessary measures and appropriate actions will be promptly taken in order to comply with the applicable requirements under the Listing Rules.

LETTER FROM THE BOARD

IV. INTERNAL CONTROL MEASURES

In addition to compliance with the requirements on annual review by external auditors and independent non-executive Directors under the Listing Rules in respect of the Group's continuing connected transactions, the Company has set up relevant departments in charge of internal control and risk management to perform internal review and control over the continuing connected transactions of the Company, including reviewing contracts signed between the Company and connected persons, reviewing the performance of procedures prior to signing of contracts as well as the fulfilment of transactions thereunder, regularly inspecting the specific terms of the Company's transactions with connected persons and comparing it with the terms of the same type of transactions of the Company entered into with third parties who are not connected persons, to ensure that the pricing and other contractual terms for the Group's continuing connected transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders and that the continuing connected transactions are conducted in accordance with the contracts and in compliance with the laws and regulations.

To ensure the continuing connected transactions do not exceed the annual caps, the relevant business departments of the Group shall fill in and submit statistical charts for the continuing connected transactions at least quarterly. In the event that the amount of the continuing connected transactions incurred and to be incurred for a financial year is expected to reach the annual caps, the relevant departments will follow up forthwith by reporting and proposing a response to the management of the Company, and in case that an amendment to the annual caps is required, report particulars to the Board and hold a Board meeting for considering the matters thereabout to ensure compliance of the requirements under the Listing Rules.

The Company also arranges compliance training for the Directors, supervisors, senior management and staff from the relevant departments of the Company and its subsidiaries from time to time, primarily focusing on the rules relating to connected transactions under Chapter 14A of the Listing Rules.

V. LISTING RULES IMPLICATIONS

As BYD is the controlling shareholder of the Company and indirectly interested in approximately 65.76% of the issued share capital of the Company as at the date of the Supplemental Agreements, it is a connected person of the Company. As such, the transactions under the Existing Continuing Connected Transaction Agreements and the Supplemental Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Mr. WANG Chuan-fu, a non-executive Director of the Company, is also an executive director and chairman of the board of directors of BYD and is interested in approximately 17.81% of the total issued share capital of BYD as at the date of the Supplemental Agreements. Accordingly, Mr. WANG Chuan-fu, being a Director who may have a material interest, had voluntarily abstained from voting on the board resolutions of the Company concerning the Existing Continuing Connected Transaction Agreements and the Supplemental Agreements.

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Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise annual caps for continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transaction.

The Directors have confirmed that the terms of the Existing Continuing Connected Transaction Agreements and the Supplemental Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Existing Continuing Connected Transaction Agreements and the Supplemental Agreements have been subject to arm's length negotiation between the Group and the relevant parties, and have been entered into by the Group in the ordinary and usual course of business and on normal commercial terms.

As one or more of the applicable percentage ratio(s) stipulated under Rule 14.07 of the Listing Rules in respect of the highest Revised Annual Caps under the Supplemental Agreements for the three years ending 31 December 2024 referred to in sub-sections A and B in the section headed "II. Revision of Existing Annual Caps for Non-exempt Continuing Connected Transactions" of this circular exceed 5%, the transactions contemplated thereunder constitute Non-exempt Continuing Connected Transactions of the Company. The Non-exempt Continuing Connected Transactions and their Revised Annual Caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save for Mr. WANG Chuan-fu, no other Director has a material interest in the transaction contemplated under the Existing Continuing Connected Transaction Agreements and the Supplemental Agreements.

The Company, being a non-wholly-owned subsidiary of BYD, is not a connected person of BYD under Rule 14A.16(1) of the Listing Rules as, to the best knowledge, information and belief of the Directors after making all reasonable enquiry, (a) none of the connected persons of BYD is or are (individually or together) entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company; and (b) the Company is not an associate of the connected persons of BYD. Accordingly, the transactions contemplated under the Existing Continuing Connected Transaction Agreements and the Supplemental Agreements do not constitute connected transactions for BYD under Chapter 14A of the Listing Rules.

VI. INFORMATION ON THE GROUP AND BYD GROUP

The Company and the Group

The Company is incorporated under the laws of Hong Kong with limited liability whose Shares are listed on the Main Board of the Stock Exchange. Approximately 65.76% of the equity interests of the Company are owned by Golden Link Worldwide Limited, a company incorporated in the British Virgin Islands, which is ultimately wholly owned by BYD. The Group is a globally leading high-end platform-based manufacturing enterprise, providing customers with new materials development, product design and development, parts and

LETTER FROM THE BOARD

components as well as complete machine manufacturing, supply chain management, logistics, after-sales and other one-stop services. The Group engages in a wide variety of businesses ranging from smart phones, smart wearables, computers, Internet of Things, smart home, game hardware, robots, unmanned aerial vehicles, communication equipment, electronic atomization, new energy vehicles (automotive intelligent system), health devices to other diversified market areas.

BYD

BYD is a joint stock company incorporated in the PRC with limited liability whose shares are listed on the Main Board of the Stock Exchange and the Main Board of the Shenzhen Stock Exchange. The BYD Group is principally engaged in the automobile business, handset components and assembly services, as well as rechargeable battery and photovoltaic business, and is actively developing the urban rail transportation business segment by capitalising on its technological superiority. BYD is ultimately controlled by Mr. WANG Chuan-fu, a non-executive Director of the Company.

VII. EGM

A notice convening the EGM to be held at the conference room of BYD at No. 3009, BYD Road, Pingshan District, Shenzhen, the PRC on 20 December 2022 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. At the EGM, an ordinary resolution will be proposed to consider and, if thought fit, to approve the Supplemental Agreements and the Revised Annual Caps by way of poll. BYD and its associates are required to abstain from voting of the resolution at the EGM.

Mr. WANG Nian-qiang, the director of the Company, is a beneficiary of BF Trust which is an employees' trust of the Company with BF Gold Dragon Fly (PTC) Limited acting as the trustee of the trust. As at the Latest Practicable Date, Mr. WANG Nian-qiang was interested in approximately 0.76% of the total issued share capital of the Company of which approximately 0.38% was held through BF Trust. Mr. WANG Nian-qiang and Mr. WANG Chuan-fu were also respectively interested in approximately 0.63% and 17.81% of the total issued share capital of BYD as at the Latest Practicable Date. Mr. WANG Chuan-fu and the trustee of BF Trust in respect of the interest owned by Mr. WANG Nian-qiang will abstain from voting of the resolution at the EGM in respect of the Supplemental Agreements and the Revised Annual Caps.

A proxy form for use in connection with the EGM is accompanied with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon to the share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

LETTER FROM THE BOARD

VIII. CLOSURE OF REGISTER OF MEMBERS

The EGM is scheduled to be held on 20 December 2022. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 14 December 2022 to 19 December 2022, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of Shares should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 13 December 2022.

IX. RECOMMENDATION

The Independent Board Committee, after taking into account the advice from the Independent Financial Adviser, considers that the terms of the Supplemental Agreements and the Revised Annual Caps are fair and reasonable and on normal commercial terms, and the Supplemental Agreements are in the interest of the Company and the Shareholders as a whole and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and accordingly recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Supplemental Agreements and the Revised Annual Caps.

The text of the letter from the Independent Board Committee is set out on pages 19 to 20 of this circular. The text of the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders and the principal factors and reasons which it has taken into account in arriving at its advice is set out on pages 21 to 43 of this circular. Independent Shareholders are strongly recommended to read carefully these two letters for details of the advice.

X. ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendix to this circular and the notice of the EGM.

By Order of the Board of
BYD Electronic (International) Company Limited
WANG Nian-qiang
Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to Non-exempt Continuing Connected Transactions and the relevant Revised Annual Caps:



比亞迪電子(國際)有限公司 BYD ELECTRONIC (INTERNATIONAL) COMPANY LIMITED

(incorporated in Hong Kong under the Companies Ordinance with limited liability)

(Stock Code: 285)

2 December 2022

To the Independent Shareholders

Dear Sir or Madam,

REVISION OF EXISTING ANNUAL CAPS FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the circular dated 2 December 2022 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to consider the Supplemental Agreements and the Revised Annual Caps and to advise the Independent Shareholders as to the fairness and reasonableness of the same. Honestum International Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

RECOMMENDATION

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 18 of the Circular, and the letter from Honestum International Limited which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreements and the Revised Annual Caps as set out on pages 21 to 43 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

After taking into consideration the advice from Honestum International Limited, we concur with the views of Honestum International Limited and consider that the terms of the Supplemental Agreements and the Revised Annual Caps are fair and reasonable and on normal commercial terms, and the Supplemental Agreements are in the interests of the Company and the Shareholders as a whole and the transactions contemplated thereunder are in the ordinary and usual course of business of the group, and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders vote in favour of the resolution to be proposed at the EGM to approve the Supplemental Agreements and the Revised Annual Caps.

Yours faithfully,
Independent Board Committee

CHUNG Kwok Mo John
*Independent non-executive
Director*

Antony Francis MAMPILLY
*Independent non-executive
Director*

QIAN Jing-jie
*Independent non-executive
Director*

LETTER FROM HONESTUM

The following is the full text of a letter of advice from Honestum International Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



2 December 2022

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

REVISION OF THE EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the entering into of the Supplemental Agreements and the Revised Annual Caps thereunder, the details of which are set out in the circular of the Company to the Shareholders dated 2 December 2022 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

Reference is made to the announcement of the Company dated 8 December 2021 in respect of the Existing Supply Agreement and the Existing Purchase Agreement for the period from 1 January 2022 to 31 December 2024. The Existing Supply Agreement relates to the supply of products by the Group to the BYD Group and the Existing Purchase Agreement relates to the purchase of products by the Group from the BYD Group.

As stated in the Letter from the Board, due to increased demand from customers and the expansion of the Group’s business operations, as well as expansion of the scope of products to be supplied, the Board anticipated that the Existing Annual Caps under the Existing Supply Agreement and the Existing Purchase Agreement for the three years ending 31 December 2024 will be exceeded. As such, the Directors propose to revise the Existing Annual Caps for the three years ending 31 December 2024 under each of the Existing Supply Agreement and the Existing Purchase Agreement respectively.

On 11 November 2022 (after trading hours), the Company and the BYD Group entered into the Supplemental Agreements to revise the Existing Annual Caps of the Existing Supply Agreement and the Existing Purchase Agreement for the financial years ending 31 December 2022, 2023 and 2024.

LETTER FROM HONESTUM

LISTING RULE IMPLICATION

The BYD Group is the controlling Shareholder of the Company and, pursuant to the Listing Rules, is a connected person of the Company. Therefore, the transactions contemplated under the Supplemental Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company should re-comply with the applicable requirements under Chapter 14A of the Listing Rules before the proposed annual cap is exceeded.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Revised Annual Caps for the three years ending 31 December 2024 exceed 5%, the Supplemental Agreements and the Revised Annual Caps are subject to, among other requirements, approval by the Independent Shareholders at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. CHUNG Kwok Mo John, Mr. Antony Francis MAMPILLY and Mr. QIAN Jing-jie, has been established to advise the Independent Shareholders in respect of the Supplemental Agreements and the Revised Annual Caps. We, Honestum International Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

We did not act as financial adviser to the Group and its respective connected persons in the past two years immediately preceding the Latest Practicable Date.

In the past two years immediately preceding the Latest Practicable Date, we have acted as the independent financial adviser to the then independent board committee and the then independent shareholders of the Company for the continuing connected transactions (the “**Previous Engagement**”), details of which are set out in the circular of the Company dated 18 January 2022 (the “**Previous Circular**”). Under the Previous Engagement, we were required to express our opinion on and give recommendations to the independent board committee and independent shareholders of the Company in relation to the continuing connected transactions under the Existing Supply Agreement and the Existing Purchase Agreement. Apart from the independent financial adviser roles in connection with the Previous Engagement and the transactions disclosed in the Circular, we have not acted in any capacity of the Group in the past two years immediately preceding the Latest Practicable Date.

LETTER FROM HONESTUM

We did not have any relationships or interests between us and the Group and the BYD Group within the past two years from the Latest Practicable Date under the Listing Rules that could be reasonably regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreements and the Revised Annual Caps. We consider ourselves independent to form our opinion in respect of the Supplemental Agreements and the Revised Annual Caps. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangement exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions disclosed in the Circular.

BASIS OF ADVICE

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the management of the Group. We have assumed that all such information and representations made or referred to in the Circular and provided to us by the management of the Group were true at the time they were made and continued to be true up to the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the management of the Group nor have we conducted any form of investigation into the business, affairs or future prospects of the Group and the BYD Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration in respect of the Revised Annual Caps under the Supplemental Agreements, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

LETTER FROM HONESTUM

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the Supplemental Agreements and the Revised Annual Caps, we have taken into account the following principal factors and reasons:

1. Background of the parties

(a) Background information on the Group

The Group is a global leading high-end platform-based manufacturing enterprise, providing customers with new materials development, product design and development, parts and components as well as complete machine manufacturing, supply chain management, logistics, after-sales and other one-stop services. The Group engages in a wide variety of businesses ranging from smart phones, smart wearables, computers, Internet of Things, smart home, game hardware, robots, unmanned aerial vehicles, communication equipment, electronic atomization, new energy vehicles (automotive intelligent system), health devices to other diversified market areas. Approximately 65.76% of the equity interests of the Company is owned by Golden Link Worldwide Limited, a company incorporated in the British Virgin Islands, which is ultimately wholly-owned by the BYD Group.

The following table sets out a summary of the recent financial performance of the Group.

	For the year ended		For the six months	
	31 December		ended 30 June	
	2020	2021	2021	2022
	RMB	RMB	RMB	RMB
	million	million	million	million
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	73,121	89,057	44,531	43,694
Gross profit	9,629	6,029	3,061	2,328
Profit attributable to owners of the parent	5,441	2,310	1,643	634

For the year ended 31 December 2021, the Group recorded revenue of approximately RMB89.1 billion, representing an increase of approximately 21.8% from approximately RMB73.1 billion for the year ended 31 December 2020. Such increase was mainly attributable to the strategy of the Group to further deepen its relationship with major customers, continue to promote the global capacity layout by focusing on the needs of its core customers, and further strengthen the diversification of its products. For the six months ended 30 June 2022, despite a slight decrease in overall revenue of approximately 1.9% as compared with the prior period, the Group's revenue from the new energy vehicle business amounted to approximately RMB3,237 million, representing an increase of approximately 150.9% over the same period last year, primarily attributable to the significant increase in shipments of intelligent networked vehicles and intelligent cockpit. Furthermore, the Group's new intelligent products business recorded revenue of approximately RMB6,917 million, representing an increase of approximately 37.9% over the same period last year, mainly due to the increase in the sales volume of new intelligent products such as smart home, unmanned aerial vehicles and commercial equipment.

LETTER FROM HONESTUM

The Group recorded profit attributable to owners of the Company of approximately RMB2.3 billion and RMB0.6 billion for the year ended 31 December 2021 and the six months ended 30 June 2022, representing a decrease of approximately 57.6% and 61.4%, respectively from the prior year/period. The decrease was mainly due to the pandemic and the shortage of chips in the industry, and the lower-than-expected customer demand, resulting in a low utilization rate of production capacity and pressure on profitability of the Group's smartphone and laptop business.

(b) Background information on the BYD Group

The BYD Group is the holding company of the Company with its H shares listed on the Stock Exchange (stock code: 1211 HK) and A shares listed on the Shenzhen Stock Exchange (stock code: 002594 SZ).

The BYD Group is principally engaged in automobile business which includes traditional fuel-engined vehicles and new energy vehicles, handset components and assembly services, as well as rechargeable battery and photovoltaic business while taking advantage of its technological superiority to actively develop urban rail transportation business segment.

2. Background and reasons for the Supplemental Agreements

As disclosed in the Previous Circular, on 8 December 2021, the Company and the BYD Group entered into the Existing Supply Agreement and the Existing Purchase Agreement for the period from 1 January 2022 to 31 December 2024. Pursuant to the Existing Supply Agreement, the Group agreed to supply to the BYD Group products required for the production of the products of the BYD Group, such as rotatable display screens, injection molded parts, moulds and certain other products and materials. Pursuant to the Existing Purchase Agreement, the BYD Group agreed to supply batteries used for production of specific new intelligent products and materials used for production of handset casings, plastic structural materials, packaging materials and certain other products and materials to the Group, with a view to controlling production costs by the Group. The transactions contemplated under the Existing Supply Agreement and the Existing Purchase Agreement were approved by the then independent shareholders of the Company at the extraordinary general meeting (the "**Previous EGM**") of the Company held on 9 February 2022.

As set out in the Previous Circular, the Directors believe that the Existing Supply Agreement and the Existing Purchase Agreement would be beneficial to the Group taking into account, in particular, (i) the transactions contemplated under the Existing Supply Agreement and the Existing Purchase Agreement are revenue in nature to the Group; (ii) the close business relationship established between the Group and the BYD Group, where such continuing connected transactions have been conducted since the listing of the Company; and (iii) the terms of the Existing Supply Agreement and the Existing Purchase Agreement are fair and reasonable.

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As set out in the Letter from the Board, due to increased demand from customers and the expansion of the Group's business operations, as well as expansion of the scope of products to be supplied, the Board anticipated that the Existing Annual Caps under the Existing Supply Agreement and the Existing Purchase Agreement for the three years ending 31 December 2024 will be exceeded. In view of the above, the Group proposed to enter into the Supplemental Agreements to revise the Existing Annual Caps of the Existing Supply Agreement and the Existing Purchase Agreement for the financial years ending 31 December 2022, 2023 and 2024 to meet the demand of the BYD Group and the Group.

3. Principal terms of the Supplemental Agreements

Pursuant to the Letter from the Board, save for the Revised Annual Caps, all other terms of the Existing Supply Agreement and the Existing Purchase Agreement will remain unchanged and in full force and effect. For further details of the Existing Supply Agreement and the Existing Purchase Agreement, please refer to the Previous Circular.

A. *The Existing Supply Agreement (as supplemented by the Supplemental Supply Agreement)*

In respect of price determination of the transactions under the Existing Supply Agreement, the Group will determine the selling prices with reference to, and generally shall not be lower than, prices charged to its independent third party customers for similar products, which represents the then prevailing market prices. We understand that the Group has already implemented a policy to review the terms of supply of products offered to the BYD Group before proceeding to give quotations to the BYD Group in respect of its purchase orders. Particularly, the Group will compare two or three transactions for the terms of supply of products, including but not limited to the prices, in respect of the same or similar products offered to independent third party customers, to ensure that the terms offered by the Group to the BYD Group will be no more favourable than those offered to independent third party customers of the Group. In respect of the payment terms of the transactions under the Existing Supply Agreement, payment of each transaction under the Existing Supply Agreement will be made in accordance with the payment terms agreed by the relevant parties in the relevant contract(s) or order.

In order to assess the fairness and reasonableness of the terms of sales of the Group's products to the BYD Group, we have obtained a complete list of all sales of the Group's products to the BYD Group for the 12-month period immediately before the date of this letter (the "**Review Period**"). For reference, the Group had an aggregate of more than 17,000 historical transactions for the sales of products to the BYD Group under the Existing Supply Agreement during the Review Period. We have obtained and reviewed the sample documents (such as orders and invoices) of one randomly selected sales transaction for each month of the Review Period (i.e. total 12 transactions) between the Group and the BYD Group under the Existing Supply Agreement. We have then compared the sample documents against 12 sets of sample documents of similar transactions between the Group and its independent third party customers during the Review Period.

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In view of the facts that (i) we have obtained a complete list of all sales of the Group's products to the BYD Group for the Review Period so as to ensure the population of the samples is complete; (ii) during the selection of the samples from the above complete list, we have avoided any conscious bias to ensure that all the items in the population have a chance of selection and all sample documents were selected on a random basis spreading across the period (i.e. one sample for each month of the period); (iii) the sampled transactions covered different months of the Review Period and also the entire historical term of the Existing Supply Agreement; (iv) appropriate internal control measures of the Group were in place to govern the conduct of transactions contemplated under the Existing Supply Agreement; and (v) the Supplemental Supply Agreement is solely for the revision of existing caps and does not amend the pricing terms of the Existing Supply Agreement, we are of the view that the samples we selected are fair and reasonable for assessment of the recent pricing of the Group.

Based on our review of the aforesaid documents, we noted that (i) the sales prices offered to the BYD Group were not lower than those offered to the independent third party customers for similar type of products; and (ii) for payment terms, sales to the BYD Group and the independent third party customers were both payable within 60 days. Furthermore, we have reviewed the latest annual report of the Company for the year ended 31 December 2021, where we noted that the trading terms of the Group with its customers are mainly on credit and the credit period is generally two to three months. Therefore, we consider that the payment terms offered by the Group to the BYD Group are generally in line with that offered to its independent third party customers.

In conclusion, based on our review as stated above, we are of the view that the selling prices and payment terms with the BYD Group for these transactions were no less favourable than those with independent third parties and such transactions have been adhered to the internal control measures of the Group in respect of reviews of the terms with independent third parties. Taking into account the above and the fact that (i) save for the Revised Annual Caps, all other terms of the Existing Supply Agreement will remain unchanged and in full force and effect; and (ii) the Group will continue to implement the same policy to review and ensure the terms offered by the Group to the BYD Group be no less favourable than those with independent third parties, we are of the view that the terms of the Existing Supply Agreement (as supplemented by the Supplemental Supply Agreement) are fair and reasonable so far as the Independent Shareholders are concerned.

B. The Existing Purchase Agreement (as supplemented by the Supplemental Purchase Agreement)

In respect of price determination of the transactions under the Existing Purchase Agreement, for the BYD Group's purchases of products other than batteries, the Group will determine the purchase prices with reference to prices charged by its independent third party suppliers for similar products, which represents the then prevailing market prices, and in any event at terms and prices no less favourable than those offered to the Group by an independent third party for the same or similar products. We understand that the Group's internal control policies require the Group to obtain two or three quotations from suppliers, including the BYD Group and other independent third party suppliers in respect of different products (except for materials of insignificant amount) before making

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purchase orders with the BYD Group. For purchases of batteries, the prices of the batteries offered by the BYD Group to the Group shall be with reference to the costs of production of the batteries of the BYD Group plus a profit margin agreed between the Group and the BYD Group after arm's length negotiation (such profit margin shall not be greater than such profit margin which BYD Group has in respect of similar products supplied by BYD Group to its independent third party customers), and in any event at terms and prices no less favourable those offered to the Group by an independent third party for the same or similar type of batteries offered in the PRC and for the same or comparable volume, delivery schedules and terms. In respect of the payment terms of the transactions under the Existing Purchase Agreement, payment of each transaction under the Existing Purchase Agreement will be made in accordance with the payment terms agreed by the relevant parties in the relevant contract(s) or order.

In order to assess the fairness and reasonableness of the terms of purchase of products by the Group from the BYD Group, we have obtained a complete list of all purchase of products by the Group from the BYD Group for the 12-month period immediately before the date of this letter (the "**Review Period**"). For reference, the Group had an aggregate of more than 7,000 historical transactions for the purchase of products from the BYD Group under the Existing Purchase Agreement during the Review Period. We have obtained and reviewed the sample documents (such as orders and invoices) of one randomly selected purchase transaction for each month of the Review Period (i.e. total 12 transactions) between the Group and the BYD Group under the Existing Purchase Agreement. Given that there is no such reference price available to the Group during the Review Period as the products supplied by the BYD Group (mainly batteries) under the Existing Purchase Agreement are made-to-order in accordance with specifications required by the Group and thus transactions from other suppliers may not be comparable. Therefore, we have instead compared the sample documents against 12 sets of sample documents of similar transactions between the BYD Group and its independent third party customers during the Review Period. The sample documents were selected on a random basis from the complete list obtained from the BYD Group of all sales of similar products and transactions by the BYD Group to its independent third party customers spreading across the period. Further, we have obtained and reviewed the cost and profit margin data of the aforesaid BYD Group's randomly selected transactions with the Group and its independent third party customers in respect of the same or similar products.

In view of the facts that (i) we have obtained a complete list of all purchase of products from the BYD Group for the Review Period so as to ensure the population of the samples is complete; (ii) during the selection of the samples from the above complete list, we have avoided any conscious bias to ensure that all the items in the population have a chance of selection and all sample documents were selected on a random basis spreading across the period (i.e. one sample for each month of the period); (iii) the sampled transactions covered different months of the Review Period and also the entire historical term of the Existing Purchase Agreement; (iv) appropriate internal control measures of the Group were in place to govern the conduct of transactions contemplated under the Existing Purchase Agreement; and (v) the Supplemental Purchase Agreement is solely for the revision of existing caps and does not amend the pricing terms of the Existing Purchase Agreement, we are of the view that the samples we selected are fair and reasonable for assessment of the recent pricing of the Group.

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Based on our review of the aforesaid documents, we noted that (i) the BYD Group's profit margin of products supplied to the Group is not greater than such profit margin that BYD Group supplied to its independent third party customers in respect of the same or similar products; and (ii) for payment terms, purchases from the BYD Group were payable within 90 days. Furthermore, we have reviewed the latest annual report of the Company for the year ended 31 December 2021, where we noted that the trade payables of the Group are normally settled within terms of 30 to 180 days. Therefore, we consider that the payment terms offered by the BYD Group to the Group are generally in line with that offered by its independent third party suppliers.

In conclusion, based on our review as stated above, we are of the view that the purchase prices and payment terms with the BYD Group for these transactions were no less favourable than those with independent third parties and such transactions have been adhered to the internal control measures of the Group in respect of reviews of the terms with independent third parties. Taking into account the above and the fact that (i) save for the Revised Annual Caps, all other terms of the Existing Purchase Agreement will remain unchanged and in full force and effect; and (ii) the Group will continue to implement the same policy to review and ensure the terms offered by the BYD Group to the Group be no less favourable than those with independent third parties, we are of the view that the terms of the Existing Purchase Agreement (as supplemented by the Supplemental Purchase Agreement) are fair and reasonable so far as the Independent Shareholders are concerned.

Internal measures

In respect of the internal control measures for the Continuing Connected Transactions contemplated under the Existing Supply Agreement and the Existing Purchase Agreement (as supplemented by the Supplemental Agreements), we noted that, among other things, the independent auditors of the Company and the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions of the Group in accordance with the Listing Rules. For further details of the relevant internal control measures, please refer to the Previous Circular.

We have further reviewed the two most recent annual reports of the Company and noted that, for each of the years ended 31 December 2020 and 2021, (i) the Directors, including the independent non-executive Directors, had reviewed the continuing connected transactions of the Company, including the categories of transactions contemplated under the Existing Supply Agreement and the Existing Purchase Agreement, and confirmed, among other things, such transactions were conducted on normal commercial terms; and (ii) the independent auditors of the Company had also reported on such transactions. Accordingly, we understand the Group has a positive track record in respect of compliance with the Listing Rules.

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Taking into account, in particular, (i) our review on the terms of the transactions contemplated under the Existing Supply Agreement and the Existing Purchase Agreement (as supplemented by the Supplemental Agreements) which shall be no less favourable than those with independent third parties; (ii) the internal control measures of the Group in respect of reviews of the terms with independent third parties; and (iii) the positive track record of the Group in respect of compliance with the Listing Rules, we are of the view that the terms of the Existing Supply Agreement and the Existing Purchase Agreement (as supplemented by the Supplemental Agreements) are fair and reasonable so far as the Independent Shareholders are concerned.

4. Revised Annual Caps of the Existing Supply Agreement and the Existing Purchase Agreement

The following table sets forth the comparison between the historical transaction amount of the transaction contemplated under the Existing Supply Agreement and the Existing Purchase Agreement for the nine months ended 30 September 2022 (“9M2022”) and the Existing Annual Cap for the year ending 31 December 2022 (“FY2022”):

	Historical amount for 9M2022 <i>RMB million</i>	Existing Annual Cap for FY2022 <i>RMB million</i>	Utilisation rate %
Supply of products to the BYD Group under the Existing Supply Agreement	4,943	6,492	76
Purchase of products from the BYD Group under the Existing Purchase Agreement	2,198	2,828	78

The following table sets forth the comparison between the Existing Annual Caps and Revised Annual Caps for three years ending 31 December 2024:

	For the year ending 31 December		
	2022	2023	2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
<i>Maximum aggregate amount of supply of products to the BYD Group under the Existing Supply Agreement</i>			
Existing Annual Caps (“Existing Annual Cap A”)	6,492	7,772	9,201
Revised Annual Caps (“Revised Annual Cap A”)	8,068	24,480	26,535

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For the year ending 31 December
2022 **2023** **2024**
RMB million *RMB million* *RMB million*

*Maximum aggregate amount of
purchase of products from the BYD
Group under the Existing Purchase
Agreement*

Existing Annual Caps ("Existing Annual Cap B")	2,828	3,698	5,078
Revised Annual Caps ("Revised Annual Cap B")	3,524	6,354	7,177

In respect of the fairness and reasonableness of the Revised Annual Caps, we have performed the following work and analysis.

A. *The Existing Supply Agreement (as supplemented by the Supplemental Supply Agreement)*

- we have reviewed the historical actual and the expected upcoming transaction amounts in relation to the Existing Supply Agreement (as supplemented by the Supplemental Supply Agreement) as mentioned in the letter from the Board in the Circular. We noted that (i) the historical actual transaction amount was approximately RMB4,943 million for the nine months ended 30 September 2022 (the "**Review Period**"), representing an increase of approximately 175% from approximately RMB1,799 million for the nine months ended 30 September 2021, which demonstrates a growth trend of the transaction amount; (ii) the historical actual transaction amount of approximately RMB4,943 million for the nine months ended 30 September 2022 represented 76% of the Existing Annual Cap A for the year ending 31 December 2022; and (iii) the Revised Annual Cap A for each of the years ending 31 December 2022, 2023 and 2024 represents an increase of approximately 24%, 215% and 188% as compared to the Existing Annual Cap A for the same periods;
- we have reviewed the breakdown of the calculation of the Revised Annual Cap A and we have discussed with and are advised by the management of the Group that the amounts of the Revised Annual Cap A are determined based on the revised estimated procurement amount (including the forecast sales volume) of each major category of products which the BYD Group liaised with the Group in view of the upcoming production of the BYD Group. Such estimated procurement amounts for each major category of products are estimated by the responsible business representative of the BYD Group mainly with reference to the actual transaction amount during the Review Period and the anticipated demand for the relevant products (including the new products to be discussed below) after taking into account the nature of products, the market development trend as well as the expected business growth of the BYD Group;

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- the historical actual transaction amount under the Existing Supply Agreement of approximately RMB4,943 million for the nine months ended 30 September 2022 represented approximately 76% of the Existing Annual Cap A for the year ending 31 December 2022. For illustrative purpose only, the annualised transaction amount under the Existing Supply Agreement for the year ending 31 December 2022 would be approximately RMB6,591 million which would exceed the Existing Annual Cap A of RMB6,492 million. The higher utilisation rate for the nine months ended 30 September 2022 was mainly due to (1) the increased demand for the BYD Group’s new energy vehicle, which drove the BYD Group’s purchase from the Group for its existing products (e.g. rotatable display screen, injection molded parts, moulds and certain other products and materials); and (2) the commencement of supply of new products to the BYD Group since October 2022 (details of which to be discussed below). Furthermore, based on our discussion with the management of the Group, we understand that an annual appraisal would be performed by the BYD Group to assess the performance of the Group. For our due diligence purpose, we have reviewed the supplemented agreements entered into between the Group and the BYD Group and noted that a performance bonus amounting to approximately RMB740 million is expected to be distributed by the BYD Group to the Group during the year ending 31 December 2022, with an aim to recognise the constant supply of quality products by the Group during the year. Based on the above, we are of the view that the Existing Annual Cap A for the year ending 31 December 2022 may be insufficient;
- in assessing the fairness and reasonableness of the Revised Annual Cap A, we have discussed with the management of the Company to understand the principal basis and assumptions in the determination of the Revised Annual Cap A, and reviewed the calculations of the caps provided by the Company. We are advised by the management of the Group that the Company continually expands its products portfolio, leading to the overall continuous growth in the scale and quantity of the products supplied. In particular, the Group had commenced supply of intelligent driving products (“**ID Products**”), which include, amongst others, the advanced driver assistance systems, braking safety control systems and intelligent cockpits, which were primarily used for the production of BYD Group’s new energy vehicles, since October 2022. The Company anticipates that the supply of ID Products will continue in the coming years and the sales of ID Products is expected to reach approximately RMB6,788 million and RMB6,338 million for the years ending 31 December 2023 and 2024, respectively.

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The table below sets out the breakdown of the Revised Annual Cap A based on the latest procurement and sales plan of the Group:

	For the year ending 31 December		
	2022	2023	2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Existing Products	7,609 <i>(Note)</i>	17,692	20,197
ID Products	459	6,788	6,338
	8,068	24,480	26,535

Note: the amount includes a performance bonus amounting to approximately RMB740 million which is expected to be distributed by the BYD Group to the Group during the year ending 31 December 2022

Existing Products

- we have obtained and reviewed the Revised Annual Cap A estimation schedule for the Existing Products prepared by the management of the Group and noted that (i) the higher amounts of the Revised Annual Cap A as compared with the Existing Annual Cap A are mainly attributable to the expected increase in the sales of rotatable display screen (“RDS”), which is a component of EV and commenced sales in 2018; (ii) the historical actual transaction amount of RDS with the BYD Group was approximately RMB3,400 million for the nine months ended 30 September 2022. The transaction amount of RDS with the BYD Group, based on transaction records, orders on hand and performance bonus to be distributed by the BYD Group to the Group, is expected to exceed RMB6,500 million for the year ending 31 December 2022, which represents approximately 81% of the Revised Annual Cap A for the year; (iii) the transaction amount of RDS under the Revised Annual Cap A is approximately RMB15,100 million and RMB17,400 million, representing approximately 62% and 66% of the Revised Annual Cap A for each of the years ending 31 December 2023 and 2024, respectively, which is estimated by the Group with reference to the revised estimated number of vehicles to be sold by the BYD Group in the coming years and the recent actual unit price of RDS sold to the BYD Group; and (iv) the fairness and reasonableness of the transaction amount of RDS under the Revised Annual Cap A can be made reference to the projection by the management of the Group which is calculated by the revised estimated number of EVs to be sold by the BYD Group in the coming years multiplied by the recent actual unit price of RDS sold to the BYD Group;

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ID products

- at the time when the Existing Annual Cap A was proposed, it was expected that all of the products to be purchased by the BYD Group would be the Existing Products. However, subsequent to the approval of the Existing Annual Cap A at the Previous EGM, it is contemplated that the BYD Group will purchase certain ID products from the Group in addition to the Existing Products. According to the data from market research agency IDC, in 2024, more than 80% of the new cars coming off the production line in China will be equipped with intelligent networked systems and the shipment of self-driving cars in China will increase to 13.44 million units in 2025, with a compound annual growth rate of 15.1% from 2021 to 2025. In the future, consumers will put forward higher requirements for intelligent functions of vehicles, especially advanced assisted driving. On the basis of supporting the parent company's new energy vehicle business which has been soaring since recent years, the Directors are of the view that the Group has to ramp up its production and supply for ID products.
- it is stated in the Letter from the Board that the Group, through its experienced research and development capabilities, had sufficient additional staff and production lines for the production of ID products without affecting its existing production capacity for electronic products. According to the management of the Group, as at the Latest Practicable Date, ID products sold to the BYD Group under the Existing Supply Agreement were all manufactured in the Group's production facility equipped with fully-automated production lines which take advantage of the Group's manufacturing knowhow. We are given to understand that the Group's well-equipped and fully-staffed facility can be configured to accommodate the demand from the BYD Group for a variety of different ID products which include, amongst others, the advanced driver assistance systems, braking safety control systems and intelligent cockpits. The Group has entered the automotive field since 2013 and has accumulated extensive experience in research and development, manufacturing, regulations and quality systems. The Group will also actively develop new projects and external vehicle enterprise business, strengthen R&D and design capabilities, and further release the growth potential of automotive intelligent products. To the best information and belief of the Directors after having made all reasonable enquiries, the Board confirms that it would have all necessary capacity to produce the expected volume of ID products required by the BYD Group under the Supplemental Supply Agreements. We noted that the transaction amount of ID products under the Revised Annual Cap A is approximately RMB459 million, RMB6,788 million and RMB6,338 million, representing approximately 6%, 28% and 24% of the Revised Annual Cap A, for each of the years ending 31 December 2022, 2023 and 2024, respectively, which is estimated by the Group with reference to the estimated number of EVs to be sold by the BYD Group in the coming years and the recent actual unit price of ID products sold to the BYD Group.

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- for our due diligence purpose, we have reviewed, including but not limited to documents on the recent actual unit price of RDS and ID products, the actual number of vehicles sold by the BYD Group and the upcoming sales plan of vehicles of the BYD Group, and considered them to be acceptable for the purpose of determining the Revised Annual Cap A taking into account:
 - (a) in assessing the reasonableness of the price in determining the Revised Annual Cap A with regard to the portion of sales of RDS and ID products to the BYD Group, we have obtained a complete list of all sales of the Group's products to the BYD Group for the 12-month period immediately before the date of this letter (the "**Review Period**"). For reference, the Group had an aggregate of more than 17,000 historical transactions for the sales of products to the BYD Group under the Existing Supply Agreement during the Review Period. In respect of the RDS, we have obtained and reviewed sales invoices and/or sales orders of one randomly selected sales transaction for each month of the Review Period (i.e. total 12 transactions) between the Group and the BYD Group. In respect of the ID products, as the supply to the BYD Group commenced since October 2022, we have obtained and reviewed sales invoices and/or sales orders of six randomly selected sales transactions between the Group and the BYD Group for the period from October 2022 to the date of this letter. We have then compared them against the unit price of the forecasted sales of RDS and ID products to the BYD Group and noted that such expected unit price is at a similar level with the recent actual unit price. In view of the facts that (i) we have obtained a complete list of all sales of the Group's products to the BYD Group for the Review Period so as to ensure the population of the samples is complete; (ii) during the selection of the samples from the above complete list, we have avoided any conscious bias to ensure that all the items in the population have a chance of selection and all sample documents were selected on a random basis spreading across the period; and (iii) the sampled transactions covered different months of the Review Period and also the entire historical term of the Existing Supply Agreement, we are of the view that the samples we selected are fair and representative for assessment of the price in determining the Revised Annual Cap A;
 - (b) we noted from the recent announcements of the BYD Group that (i) the majority of the consolidated revenue of the BYD Group for the year ended 31 December 2021 and the six months ended 30 June 2022 were derived from automobiles and related products; (ii) the BYD Group proactively pushed forward the EV business and its sales volume continued to lead the domestic new energy vehicle market and remained at the forefront in the world. Its sales volume of EVs maintained strong growth and continued to reach record highs, and its market share continued to strengthen as it took the lead in the market, achieving

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substantial year on year growth in sales of EVs of approximately 250% for the nine months ended 30 September 2022; and (iii) the BYD Group will seize the opportunities arising from the robust development of the EV industry and further strengthen research and development, enhance product competitiveness and accelerate the launch of new models to satisfy the fast growing market demand. Accordingly, it is expected that their new EV, which will continue to equip with RDS and ID products, will continue to maintain rapid growth in the future. As a result, in view of the expansion of the BYD Group's EV business and the Group's increase in production capacity to meet with BYD's business expansion, the expected demand of the Group's products, particularly the RDS and ID products, required for the production of the BYD Group's products will increase substantially for the coming years;

- (c) in order to meet customers' diversified needs in different scenarios, the high-end flagship model of the BYD Group "Han model" series continued to iterate and released several vehicle models to provide consumers with more diversified and high-quality choices, driving the sales of "Han model" series of models to record highs. Furthermore, new models of new energy vehicles are being released, such as the "Yuan plus", "Song MAX DM-i", "BYD Destroyer 05", "Han DM-p" and "DENZA" which was recently released this year and are expected to boost the sales volume of the BYD Group's new energy vehicles which equip with RDS and ID Products; and

- (d) at the beginning of 2022, the State Council issued the 14th Five-Year Plan for the Comprehensive Work Plan for Energy Conservation and Emission Reduction (《「十四五」節能減排綜合工作方案》), proposing that by 2025, the sales of new energy vehicles will reach about 20% of the total sales of new vehicles. In April 2022, the State Council issued the Opinions on Further Unleashing the Potential of Consumer Spending and Promoting the Sustained Recovery of Consumption (《關於進一步釋放消費潛力促進消費持續恢復的意見》), which proposed to boost the development of green consumption and promote the construction of charging piles (stations) and other supporting facilities, therefore accelerate the development of new energy vehicles industry. Under the impetus of favorable policies and technological innovation, new energy vehicles continue to grow at a high rate and market penetration continues to rise. According to the China Association of Automobile Manufacturers, in the first half of 2022, the sales volume of new energy vehicles was 2.6 million units, up by 1.2 times year-on-year, and the market penetration of new energy vehicles reached 21.6%, representing an increment of 8.2 percentage as compared to 2021. With the expansion of the global new energy vehicle market, the continuous enrichment of the new EV product matrix and the continuous improvement of the brand image of BYD

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Group, the proportion of vehicles using RDS and ID Products will continue to increase in the future. Accordingly, we understand the percentage growth rates represented by the Revised Annual Cap A mentioned previously are primarily driven by the estimated procurement amounts by the BYD Group to satisfy its needs of RDS and ID Products for production, where such transactions are revenue in nature and on fair and reasonable terms to the Group.

- as discussed above, the revised estimated transaction amounts of RDS and ID Products to be sold to the BYD Group for the years ending 31 December 2022, 2023 and 2024 are projected by the revised estimated number of EVs to be sold by the BYD Group in the coming years multiplied by the recent actual unit price of RDS and ID Products sold to the BYD Group. To project the estimated number of EVs to be sold by the BYD Group for the coming years, the management of the BYD Group have taken into account, among other things, (i) the actual number of vehicles sold by the BYD Group for the nine months ended 30 September 2022, which recorded a year on year growth of approximately 250% as compared with the previous year; (ii) the upcoming sales plan of vehicles of the BYD Group including the new models of EVs to be released for the coming years; and (iii) the overall sales volume of EVs in the PRC for the coming years and the expected market shares of the BYD Group in the new energy vehicles industry. Based on our review of information and documents in relation to the aforementioned factors, we are of the view that the Company's revised estimation of the transaction amount of RDS and ID Products for the years ending 31 December 2022, 2023 and 2024 is fair and reasonable.

B. The Existing Purchase Agreement (as supplemented by the Supplemental Purchase Agreement)

- we have reviewed the historical actual and the expected upcoming transaction amounts in relation to the Existing Purchase Agreement (as supplemented by the Supplemental Purchase Agreement) as mentioned in the letter from the Board in the Circular. We noted that (i) the historical actual transaction amount was approximately RMB2,198 million for the nine months ended 30 September 2022 (the “**Review Period**”), representing an increase of approximately 69% from approximately RMB1,300 million for the nine months ended 30 September 2021. Accordingly, we understand the transaction amount has recently demonstrated a growth trend; (ii) the historical actual transaction amount of approximately RMB2,198 million for the nine months ended 30 September 2022 represented 78% of the Existing Annual Cap B for the year ending 31 December 2022; and (iii) the Revised Annual Cap B for each of the years ending 31 December 2022, 2023 and 2024 represents an increase of approximately 25%, 72% and 41% as compared to the Existing Annual Cap B for the same periods;

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- we have reviewed the breakdown of the calculation of the Revised Annual Cap B and we have discussed with and are advised by the management of the Group that the amounts of the Revised Annual Cap B are determined based on the revised estimated procurement amount (including the forecast sales volume) of each major category of products which the Group liaised with the BYD Group in view of the upcoming production of the Group. Such estimated transaction amounts for each major category of products are estimated by the responsible business representative of the Group mainly with reference to the actual transaction amount during the Review Period and the anticipated demand for the relevant products after taking into account the nature of products, the market development trend as well as the expected business growth of the Group. Further, in respect of the estimated transaction amounts for batteries, the management has mainly made reference to the upcoming production and sales plan of new intelligent products of the Group and the recent actual unit price of batteries sold by the BYD Group to the Group. We have obtained and reviewed the relevant production and sales plan prepared by the Group and consider that such proposed plan is reasonable based on the factors as discussed below;
- the historical actual transaction amount under the Existing Purchase Agreement of approximately RMB2,198 million for the nine months ended 30 September 2022 represented approximately 78% of the Existing Annual Cap B for the year ending 31 December 2022. For illustrative purpose only, the annualised transaction amount under the Existing Supply Agreement for the year ending 31 December 2022 would be approximately RMB2,931 million which would exceed the Existing Annual Cap B of RMB2,828 million. The higher utilisation rate for the nine months ended 30 September 2022 was mainly due to the rapid development of the Group's new intelligent product business (such as smart home, gaming hardware, unmanned aerial vehicles, floor mopping robots and commercial equipment) as a result of the new lifestyle and consumption trends arising from the COVID-19 pandemic, which drove the Group's purchase from the BYD Group. Based on the above, we are of the view that the Existing Annual Cap B for the year ending 31 December 2022 may be insufficient;
- in assessing the fairness and reasonableness of the Revised Annual Cap B, we have obtained and reviewed the Revised Annual Cap B estimation schedule prepared by the management of the Group and noted that (i) the higher amounts of the Revised Annual Cap B as compared with the Existing Annual Cap B are mainly attributable to the expected increase in the procurement of batteries, which is used for certain new intelligent products produced by the Group; (ii) the historical actual transaction amount of batteries purchased from the BYD Group was approximately RMB1,800 million for the nine months ended 30 September 2022. The transaction amount of batteries purchased from the BYD Group, based on transaction records and orders on hand, is expected to exceed

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RMB2,900 million for the year ending 31 December 2022, which represents approximately 82% of the Revised Annual Cap B for the year; (iii) the transaction amount of batteries under the Revised Annual Cap B is approximately RMB5,701 million and RMB6,460 million, which represents approximately 90% and 90% of the Revised Annual Cap B for each of the years ending 31 December 2023 and 2024, respectively, which is estimated by the Group with reference to the estimated number of new intelligent products to be sold by the Group in the coming years and the recent actual unit price of batteries purchased from the BYD Group; and (iv) the fairness and reasonableness of the transaction amount of batteries under the Revised Annual Cap B can be made reference to the projection by the management of the Group which is calculated by the estimated number of new intelligent products to be sold by the Group that require batteries in the coming years multiplied by the recent actual unit price of batteries purchased from the BYD Group, where we have reviewed, including but not limited to documents on the recent actual unit price of batteries, the actual number of new intelligent products sold by the Group and the upcoming sales plan of new intelligent products of the Group, and considered them to be acceptable for the purpose of determining the Revised Annual Cap B taking into account:

- (a) in assessing the reasonableness of the price in determining the Revised Annual Cap B with regard to the portion of purchase of batteries from the BYD Group, we have reviewed the average unit price of batteries purchased from the BYD Group for the nine months ended 30 September 2022 and noted that the unit price remained relatively stable during the period. We have also obtained a complete list of all purchase of products by the Group from the BYD Group for the 12-month period immediately before the date of this letter (the “**Review Period**”). For reference, the Group had an aggregate of more than 7,000 historical transactions for the purchase of products from the BYD Group under the Existing Purchase Agreement during the Review Period. We have obtained and reviewed procurement invoices of one randomly selected purchase transaction in respect of the batteries for each month of the Review Period (i.e. total 12 transactions) between the Group and the BYD Group. We have then compared them against the unit price of the forecasted purchase of batteries from the BYD Group and noted that such expected unit price is at a similar level with the recent actual unit price. Given that (i) we have obtained a complete list of all purchase of products from the BYD Group for the Review Period so as to ensure the population of the samples is complete; (ii) during the selection of the samples from the above complete list, we have avoided any conscious bias to ensure that all the items in the population have a chance of selection and all sample documents were selected on a random basis spreading across the period; (iii) the sampled transactions covered different months of the Review Period and also the entire historical term of the Existing Purchase

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Agreement; and (iv) there is no material difference in the unit prices for all the samples selected and that such unit prices are also at a similar level with the historical average unit price of batteries purchased from the BYD Group for the nine months ended 30 September 2022, we consider that the samples selected are fair and representative for assessment of the price in determining the Revised Annual Cap B;

- (b) we noted from the recent announcements of the Group that (i) with the dual power of artificial intelligence and 5G technology, the Group has continued expanding the new intelligent product business and promoting the implementation of more application scenarios to drive innovation in the industry. The Group's foresight in smart home, Internet of Things, unmanned aerial vehicles and electronic atomization has continued opening up a wide range of growth opportunities. The revenue from the new intelligent product business accounted for approximately 14% and 16% of the Group's overall revenue for the year ended 31 December 2021 and the six months ended 30 June 2022, respectively; (ii) the new intelligent product business of the Group maintained a rapid growth for the six months ended 30 June 2022, representing an increase in revenue of approximately 38.0% year-on-year, mainly attributable to the continuous increase in shipment of consumer unmanned aerial vehicles, industrial unmanned aerial vehicles and agricultural unmanned aerial vehicles; and (iii) given the rapidly increase in demand in the European market for the new intelligent products produced by the Group since 2020 due to the aforementioned reasons, the Group has actively commenced the development and trial production of new intelligent products to capture the market demand, and accordingly it is expected that the Group will require more batteries for the production of the aforementioned new intelligent products;
- (c) according to the data from IDC, China's smart home market is undergoing continuous upgrading and adjustment, and the market is expected to witness new development opportunities. Shipments of China's smart home devices market is expected to exceed 260 million units in 2022, a 17.1% year-on-year growth. Benefiting from the rising demand for diversified market applications, Valuates Reports forecasts the commercial unmanned aerial vehicle market to reach US\$6.51 billion in 2022 and US\$34.5 billion by 2028, representing a CAGR of 32%. According to iiMedia Research, the global retail scale of electronic atomization continues to grow, with the global Heat Not Burn (HNB) product industry forecast to reach US\$31.4 billion in 2022, representing a 49% year-on-year growth. The Group's forward looking business segments of smart home devices, robotics, unmanned aerial vehicles, HNB products etc. have maintained growth, and the business scale of new smart products has continued to expand. For example, together with

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leading brands of unmanned aerial vehicles, the Group has continued to increase the shipment of consumer unmanned aerial vehicles, industrial unmanned aerial vehicles and agricultural unmanned aerial vehicles, and its market share continues to grow. As a development partner of a major overseas customer, the Group's HNB projects have introduced mass production, bringing new incremental growth to the business. In view of the above strategic move and business expansion by the Group, we concur with the view of the Directors that the sales of the above new intelligent products will further increase for the years ending 31 December 2022, 2023 and 2024. Accordingly, we understand the percentage growth rates represented by the Revised Annual Cap B mentioned previously are primarily driven by the estimated procurement amounts by the Group to satisfy its needs of batteries for the new intelligent products business, where such transactions are revenue in nature and on fair and reasonable terms to the Group; and

(d) we have discussed with and are advised by the management of the Group that the resurgence of the global COVID-19 pandemic and the Russia-Ukraine conflict had affected the global production and supply chain, and the sporadic domestic outbreaks of the COVID-19 pandemic and the global volatile economic environment had affected the consumer sentiment in certain extent in 2022. As the COVID-19 pandemic fades and the Group continues to expand its new intelligent business in the European market, we concur with the view of the Directors that the sales of the above new intelligent products will further increase when the COVID-19 pandemic eases for the coming years. Accordingly, we understand the percentage growth rates represented by the Revised Annual Cap B mentioned previously are primarily driven by the estimated procurement amounts by the Group to satisfy its needs of batteries for the new intelligent business, where such transactions are revenue in nature and on fair and reasonable terms to the Group.

- as discussed above, the revised estimated transaction amounts of batteries to be purchased from the BYD Group for the years ending 31 December 2022, 2023 and 2024 are projected mainly based on the estimated number of new intelligent products to be sold by the Group which require batteries in the coming years multiplied by the recent actual unit price of batteries purchased from the BYD Group. To project the estimated number of new intelligent products to be sold by the Group which require batteries for the coming years, the management of the Group have taken into account, among other things, (i) the actual number of new intelligent product sold by the Group for the six months ended 30 June 2022, which recorded an increase in revenue of approximately 38.0% year-on-year as compared with the previous year; (ii) the upcoming sales plan of new intelligent product of the Group including the new array of products to be released for the coming years such as unmanned aerial

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vehicles, HNB products; and (iii) the overall new intelligent business industry for the coming years. Based on our review of information and documents in relation to the aforementioned factors, we are of the view that the Company's estimation of the transaction amounts of batteries for the years ending 31 December 2022, 2023 and 2024 is fair and reasonable.

Having taken into account the aforementioned basis in determining the Revised Annual Caps for the Non-exempt Continuing Connected Transactions for the three years ending 31 December 2024 and our relevant work and analysis performed as set out above, we concur with the Directors' view that the Revised Annual Caps have been arrived at on a fair and reasonable basis.

5. Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Non-exempt Continuing Connected Transactions must be restricted by the Revised Annual Caps; (ii) the terms of the Non-exempt Continuing Connected Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Non-exempt Continuing Connected Transactions must be included in the Company's subsequent published annual reports. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the transactions (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the Non-exempt Continuing Connected Transactions; and (iii) have exceeded the Revised Annual Caps. In the event that the total amounts of the Non-exempt Continuing Connected Transactions are anticipated to exceed the Revised Annual Caps, or that there is any proposed material amendment to the terms of the Non-exempt Continuing Connected Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

In light of the aforementioned review and reporting requirements attached to the Non-exempt Continuing Connected Transactions, we are of the view that appropriate measures have been in place to govern the conduct of the Non-exempt Continuing Connected Transactions under the Existing Supply Agreement and the Existing Purchase Agreement (as supplemented by the Supplemental Agreements) and safeguard the interests of the Company and the Independent Shareholders as a whole.

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RECOMMENDATION

Having considered the above principal factors, we are of the opinion that the entering into of the Supplemental Agreements is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. We are also of the opinion that the terms of the Supplemental Agreements are on normal commercial terms and, together with Revised Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions to approve the Supplemental Agreements and the Revised Annual Caps at the EGM.

Yours faithfully,

For and on behalf of

Honestum International Limited

Michael Chum

Chairman

Sam Yip

Associate Director

Note: Mr. Michael Chum is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Honestum International Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 years of experience in corporate finance industry. Mr. Sam Yip is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Honestum International Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interest and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) were as follows:

(i) Long position in the Shares

Name of Director	Capacity	Number of Shares held	Approximate percentage of the total issued share capital as at the Latest Practicable Date	Note
Mr. WANG Nian-qiang	Beneficial owner and Beneficiary	17,102,000	0.76%	(1)
Mr. WANG Bo	Beneficiary	2,805,000	0.12%	(2)
Mr. QIAN Jing-jie	Beneficial owner	5,000	0.00%	

Notes:

- (1) Of which 8,500,000 shares are held by Mr. Wang Nian-qiang and 8,602,000 shares are held by Gold Dragonfly Limited (“**Gold Dragonfly**”), a company incorporated in the British Virgin Islands and wholly-owned by BF Gold Dragon Fly (PTC) Limited (“**BF Trustee**”) as trustee of BF Trust, the beneficiaries of which include Mr. WANG Nian-qiang.
- (2) The shares are held by Gold Dragonfly, a company wholly-owned by BF Trustee as trustee of BF Trust, of which Mr. WANG Bo is one of the beneficiaries.

(ii) Long positions in the shares of associated corporations

Name of associated Corporation	Name of Director (Note 3)	Capacity	Number of shares Held as at The Latest Practicable Date	Percentage of shares capital of the associated corporation as at the Latest Practicable Date	Note
BYD	Mr. WANG Nian-qiang	Beneficial owner	18,299,740	0.63%	(1)
	Mr. WANG Chuan-fu	Beneficial owner	518,351,550	17.81%	(2)

Notes:

- (1) These are the A shares of BYD held by Mr. WANG Nian-qiang. The total issued share capital of BYD as at the Latest Practicable Date was RMB2,911,142,855, comprising 1,813,142,855 A shares and 1,098,000,000 H shares, all were of par value of RMB1 each. The A shares of BYD held by Mr. WANG Nian-qiang represented approximately 1.01% of the total issued A shares of BYD as of the Latest Practicable Date.
- (2) These are the 513,623,850 A shares, 3,727,700 A shares held in No.1 Assets Management Plan through E Fund BYD and 1,000,000 H shares of BYD held by Mr. WANG Chuan-fu, which represented approximately 28.53% and approximately 0.09% of the total issued A shares and H shares of BYD as at the Latest Practicable Date, respectively. Mr. Wang Chuan-fu is also an executive director and chairman of the board of BYD.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or were required to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests of Substantial Shareholders*(i) Long Position in the Shares*

As at the Latest Practicable Date, so far as was known to the Directors, the persons (other than the Directors) having interests in the Shares and underlying Shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	Capacity	Number of Shares	Percentage of the total issued share capital as at the Latest Practicable Date	<i>Note</i>
Golden Link Worldwide Limited (“ Golden Link ”)	Beneficial interest	1,481,700,000	65.76%	(1)
BYD (H.K.) Co., Limited (“ BYD H.K. ”)	Interest of controlled corporation	1,481,700,000	65.76%	(1)
BYD	Interest of controlled corporation	1,481,700,000	65.76%	(1)

Note:

- (1) BYD is the sole shareholder of BYD H.K., which in turn is the sole shareholder of Golden Link. As such, both BYD H.K. and BYD were deemed to be interested in the shares of the Company held by Golden Link.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, other than a Director or chief executive of the Company, there was no person who had an interest or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other members of the Group or any options in respect of such capital.

3. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date:

- (a) none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation;
- (b) save for (i) the second capital contribution agreement announced by the Company on 28 April 2022; and (ii) the acquisition of assets from BYD as announced by the Company on 21 June 2022, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group. Please refer to paragraph 2(a)(ii) of this appendix for details of the interests of Mr. WANG Nian-qiang and Mr. WANG Chuan-fu in BYD; and
- (c) save as disclosed in this circular and except for the Non-exempt Continuing Connected Transaction Agreements, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business which competed or might compete with the business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading positions of the Group since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up).

6. EXPERT

The following sets out the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Honestum International Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

Honestum International Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Honestum International Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Honestum International Limited did not have any direct or indirect interest in any assets which had been, since 31 December 2021 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.

7. GENERAL

In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk/>) and the Company (<http://electronics.byd.com>) from the date of this circular up to the date of the EGM:

- (a) the Supplemental Supply Agreement; and
- (b) the Supplemental Purchase Agreement.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



比亞迪電子(國際)有限公司 BYD ELECTRONIC (INTERNATIONAL) COMPANY LIMITED

(incorporated in Hong Kong under the Companies Ordinance with limited liability)

(Stock Code: 285)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of BYD Electronic (International) Company Limited (the “**Company**”) will be held at the conference room of BYD Company Limited at No. 3009, BYD Road, Pingshan District, Shenzhen, the People’s Republic of China on Tuesday, 20 December 2022 at 10 a.m. for the purposes of considering and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** the supplemental supply agreement referred to in the section headed “II. A. SUPPLY OF PRODUCTS BY THE GROUP TO THE BYD GROUP” in the “Letter from the Board” contained in the circular (the “**Circular**”) of the Company of which this notice forms part and the Revised Annual Caps (as defined in the Circular) under the said supplemental supply agreement be and are hereby approved.”
2. “**THAT** the supplemental purchase agreement referred to in the section headed “II. B. PURCHASE OF PRODUCTS (INCLUDING BATTERIES) BY THE GROUP FROM THE BYD GROUP” in the “Letter from the Board” contained in the Circular of which this notice forms part and the Revised Annual Caps (as defined in the Circular) under the said supplemental purchase agreement be and are hereby approved.”

By Order of the Board of
BYD Electronic (International) Company Limited
WANG Nian-qiang
Director

Hong Kong, 2 December 2022

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Registered Office:

Part of Unit 1712, 17th Floor, Tower 2
Grand Central Plaza,
No. 138 Shatin Rural Committee Road
New Territories
Hong Kong

Head Office and Principal Place of Business in PRC:

No. 3001, Bao He Road
Baolong, Longgang
Shenzhen, 518116
The PRC

Notes:

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies (who must be an individual or individuals) to attend and vote on behalf of him. A proxy need not be a member of the Company.
2. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 14 December 2022 to 19 December 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the EGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 13 December 2022.
3. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notorially certified copy thereof, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

As at the date of this notice, the Board consists of Mr. WANG Nian-qiang and Mr. JIANG Xiang-rong being the executive directors, Mr. WANG Chuan-fu and Mr. WANG Bo being the non-executive directors and Mr. CHUNG Kwok Mo John, Mr. Antony Francis MAMPILLY and Mr. QIAN Jing-jie being the independent non-executive directors.