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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)

**CONNECTED TRANSACTION AND
REVISION OF EXISTING ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTION**

CONNECTED TRANSACTION

On 26 December 2023, the Company entered into the Assets Sale Agreement with BYD and the transaction thereunder constitutes a connected transaction of the Company.

**REVISION OF EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED
TRANSACTION**

Reference is made to the announcement of the Company dated 8 December 2021 in relation to, among others, the Existing Comprehensive Services Master Agreement entered into between the Company and BYD.

On 26 December 2023, the Company entered into the Supplemental Comprehensive Services Master Agreement 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 Comprehensive Services Master Agreement remain the same.

LISTING RULES IMPLICATIONS

As BYD is the controlling Shareholder of the Company indirectly interested in approximately 65.76% of the issued share capital of the Company as at the date of this announcement, BYD is a connected person of the Company. As such, the transactions under the Assets Sale Agreement constitute a connected transaction of the Company and the transactions contemplated under the Existing Comprehensive Services Master Agreement and the Supplemental Comprehensive Services Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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 transactions.

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 exceed 0.1% but are less than 5%, the transactions contemplated under the Existing Comprehensive Services Master Agreement, the Supplemental Comprehensive Services Master Agreement and their Revised Annual Caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement set out in Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) stipulated under Rule 14.07 of the Listing Rules in respect of the Assets Sale Transaction (after aggregation with the Previous Transactions) exceed 0.1% but are less than 5%, the Assets Sale Transaction is subject to the reporting and announcement requirements but is exempted from the independent Shareholders' approval requirement set out in Chapter 14A of the Listing Rules.

CONNECTED TRANSACTION IN RELATION TO THE ASSETS SALE AGREEMENT

Details of the Assets Sale Agreement are set out below:

Agreement:	Assets Sale Agreement
Date:	26 December 2023
Parties:	<ol style="list-style-type: none">1. The Company as seller2. BYD as purchaser

Consideration

The total consideration for the assets which the Group agreed to sell to the BYD Group shall be equal to the unaudited net asset value of such assets as at the day of delivery and shall be payable by the BYD Group to the Group in cash.

As at 31 October 2023, the unaudited net asset value of the assets was approximately RMB4,035,000 which is expected to be subject to a downward adjustment as at the day of delivery of the assets due to depreciation accrued up to delivery.

The consideration was determined after arm's length negotiation between the parties by reference to the unaudited net book value of the assets as at 31 October 2023, depreciation of the assets to be accrued up to delivery, working conditions of the assets and current market value of assets of similar capability.

Since the total consideration payable by the BYD Group under the Assets Sale Agreement shall be equal to the unaudited net asset value of relevant assets as at the day of delivery, there is no significant gain or loss accrued to the Company from the Asset Sale Transaction. The proceeds from the Asset Sale Transaction will be used as general working capital of the Group.

Assets Sold

Assets sold by the Group to the BYD Group comprise primarily pressing machine, welding machine, measurement machine and other equipment.

The aggregate original acquisition cost of the said assets paid by the Group was approximately RMB7,218,000.

Delivery

Delivery shall take place within 30 days after (i) the execution of the Assets Sale Agreement and (ii) the relevant approval (if required) has been obtained from the relevant PRC government authority, including the PRC customs authority (as the case may be).

Payment Term

The consideration shall be paid by the BYD Group in cash within 60 days after delivery of the relevant assets by the Group to the BYD Group.

Completion

Completion for the sale of the said assets will take place upon the payment in respect of such assets by the BYD Group to the Group, subject to the condition that the representations and warranties set forth in the Assets Sale Agreement in relation to due and proper working conditions of the relevant assets remain true and accurate at that time.

REVISION OF EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 8 December 2021 in relation to, among others, the Existing Comprehensive Services Master Agreement entered into between the Company and BYD.

On 26 December 2023, the Company entered into the Supplemental Comprehensive Services Master Agreement 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 Comprehensive Services Master Agreement remain the same.

The principal terms of the Existing Comprehensive Services Master Agreement are set out in the section headed “*J. Sharing of Ancillary Services by the BYD Group with the Group*” in the announcement of the Company dated 8 December 2021.

Sharing of Ancillary Services by the BYD Group with the Group

Agreement:	Supplemental Comprehensive Services Master Agreement
Date:	26 December 2023
Parties:	1. The Company 2. BYD
Duration:	From 26 December 2023 to 31 December 2024, unless terminated earlier in accordance with the terms of the Existing Comprehensive Services Master Agreement.
Subject:	Pursuant to the Supplemental Comprehensive Services Master Agreement, the Existing Annual Caps under the Existing Comprehensive Services Master Agreement are revised as follows:

For the year ending 31 December 2023		For the year ending 31 December 2024	
Existing annual cap	Revised annual cap <i>RMB'000</i>	Existing annual cap	Revised annual cap <i>RMB'000</i>
40,254	52,454	45,552	61,752

Save for the revision of the Existing Annual Caps to the Revised Annual Caps, all other terms and conditions under the Existing Comprehensive Services Master Agreement remain the same.

Historical Transaction Amounts

The fee payable by the Group to the BYD Group in relation to the provision of Ancillary Services for the year ended 31 December 2022 and the ten months ended 31 October 2023 were approximately RMB34,081,000 and RMB39,089,000, respectively.

Basis for the determination of the Revised Annual Caps

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

- (i) the actual transaction amount incurred under the Existing Comprehensive Services Master Agreement from 1 January 2023 to 31 October 2023 was approximately RMB39,089,000, representing approximately 97.1% of the Existing Annual Caps for the year ending 31 December 2023; and
- (ii) the increased demand of the Ancillary Services to support the Group's business operations.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Assets Sale Agreement

The Assets Sale Transaction under the Assets Sale Agreement represents the disposal of certain idle assets of the Group to be in line with the best interests of the Group.

The terms of the Assets Sale Agreement have been negotiated on an arm's length basis. The Directors, including the independent non-executive Directors, consider that the Assets Sale Agreement has been entered into in the ordinary and usual course of the business of the Company on normal commercial terms and the terms of the Assets Sale Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Supplemental Comprehensive Services Master Agreement

The adjustment of the annual caps under the Supplemental Comprehensive Services Master Agreement is due to the expansion of the Group's business, which has resulted in a corresponding increase in the demand for the Group's Ancillary Services.

Based on the needs of expansion of the Group's business, the Board anticipated that the Existing Annual Caps under the Existing Comprehensive Services Master Agreement for the two years ending 31 December 2024 will be exceeded. As such, the Directors propose to revise the Existing Annual Caps for the Existing Comprehensive Services Master Agreement for the two years ending 31 December 2024. The Board considers that the Supplemental Comprehensive Services Master Agreement and the Revised Annual Caps will facilitate the Group to satisfy the needs of business expansion. 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.

The terms of the Existing Comprehensive Services Master Agreement and the Supplemental Comprehensive Services Master Agreement have been negotiated on an arm's length basis. The Directors, including the independent non-executive Directors, consider that the Existing Comprehensive Services Master Agreement and the Supplemental Comprehensive Services Master Agreement have been entered into in the ordinary and usual course of the business of the Company on normal commercial terms and the terms of the Existing Comprehensive Services Master Agreement and the Supplemental Comprehensive Services Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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.

INFORMATION ON THE GROUP AND THE 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 global leading platform-based high-end 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, tablet PCs, new energy vehicles, smart home, game hardware, unmanned aerial vehicles, Internet of Things, robots, communication equipment, 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.

LISTING RULES IMPLICATIONS

As BYD is the controlling Shareholder of the Company indirectly interested in approximately 65.76% of the issued share capital of the Company as at the date of this announcement, BYD is a connected person of the Company. As such, the transactions under the Assets Sale Agreement constitute a connected transaction of the Company and the transactions contemplated under the Existing Comprehensive Services Master Agreement and the Supplemental Comprehensive Services Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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 transactions.

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 exceed 0.1% but are less than 5%, the transactions contemplated under the Existing Comprehensive Services Master Agreement, the Supplemental Comprehensive Services Master Agreement and their Revised Annual Caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement set out in Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) stipulated under Rule 14.07 of the Listing Rules in respect of the Assets Sale Transaction (after aggregation with the Previous Transactions) exceed 0.1% but are less than 5%, the Assets Sale Transaction is subject to the reporting and announcement requirements but is exempted from the independent Shareholders' approval requirement set out in 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 this announcement. 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 Assets Sale Agreement and the Supplemental Comprehensive Services Master Agreement. Save for Mr. WANG Chuan-fu, no other Director has a material interest in the transaction contemplated under the Assets Sale Agreement, the Existing Comprehensive Services Master Agreement and the Supplemental Comprehensive Services Master Agreement.

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 Assets Sale Agreement, the Existing Comprehensive Services Master Agreement and the Supplemental Comprehensive Services Master Agreement do not constitute connected transactions for BYD under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Ancillary Services”	services such as telecommunication and computer network services and enterprise resources planning and office automation services provided by the BYD Group to the Group pursuant to the Existing Comprehensive Services Master Agreement and the Supplemental Comprehensive Services Master Agreement
“Assets Sale Agreement”	the assets sale agreement dated 26 December 2023 entered into between the Company and BYD for the sale of assets by the Group to the BYD Group
“Assets Sale Transaction”	the transaction contemplated under the Assets Sale Agreement
“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
“December 2022 Assets Sale Transaction”	the transaction completed under the assets sale agreement of RMB7,721,000 dated 28 December 2022 entered into between the Company and BYD, which was a fully-exempted connected transaction under Chapter 14A of the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Annual Cap(s)”	the existing annual cap(s) for the Existing Comprehensive Services Master Agreement
“Existing Comprehensive Services Master Agreement”	the comprehensive services master agreement dated 8 December 2021 in relation to the Ancillary Services
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“June 2023 Assets Sale Transaction”	the transaction completed under the assets sale agreement of RMB40,821,000 dated 26 June 2023 entered into between the Company and BYD, which was a fully-exempted connected transaction under Chapter 14A of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“November 2023 Assets Sale Transaction”	the transaction completed under the assets sale agreement dated 28 November 2023 entered into between the Company and BYD, details of which were set out in the announcement of the Company dated 28 November 2023

“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Previous Transactions”	the November 2023 Assets Sale Transaction, the June 2023 Assets Sale Transaction and December 2022 Assets Sale Transaction
“Revised Annual Cap(s)”	the annual caps for the year ending 31 December 2023 and 31 December 2024 under the Existing Comprehensive Services Master Agreement as revised by the Supplemental Comprehensive Services Master Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Supplemental Comprehensive Services Master Agreement”	the supplemental comprehensive services master agreement dated 26 December 2023 in relation to the Ancillary Services to revise the Existing Comprehensive Services Master Agreement
“%”	per cent

By order of the board of
BYD Electronic (International) Company Limited
WANG Nian-qiang
Director

Hong Kong, 26 December 2023

As at the date of this announcement, 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.