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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)

**CONTINUING CONNECTED TRANSACTION
AND DISCLOSEABLE TRANSACTION
FRAMEWORK AGREEMENT FOR DEPOSIT SERVICES**

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



On 14 May 2021 (after trading hours), BYD Precision, a wholly owned subsidiary of the Company, entered into the Framework Agreement with BYD Auto Finance in accordance with the terms and conditions thereunder.

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, it is a connected person of the Company. As BYD Auto Finance is a non-wholly owned subsidiary of BYD, BYD Auto Finance is also a connected person of the Company. As such, the transactions contemplated under the Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Annual Caps and the transactions contemplated under the Framework Agreement exceed 5% but are less than 25%, the transactions contemplated under the Framework Agreement constitutes (i) discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) non-exempt continuing connected transaction subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Company will convene the EGM to seek the Independent Shareholders' approval of the Framework Agreement, the transactions contemplated thereunder and the proposed Annual Caps. BYD and its associates will be required to abstain from voting on the relevant resolution(s) to be proposed at the EGM.

An Independent Board Committee comprising 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, and Dakin Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement, the transactions contemplated thereunder and the proposed Annual Caps. It is expected that a circular containing, among others, further details of the transactions contemplated under the Framework Agreement and the proposed Annual Caps, together with the recommendations of the Independent Board Committee, the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders will be dispatched to the Shareholders on or before 7 June 2021.

INTRODUCTION

On 14 May 2021 (after trading hours), BYD Precision, a wholly owned subsidiary of the Company, entered into the Framework Agreement with BYD Auto Finance in accordance with the terms and conditions thereunder.

THE FRAMEWORK AGREEMENT

Date: 14 May 2021

Parties: 1. BYD Precision
2. BYD Auto Finance

Duration: From the Effective Date to 31 December 2023, unless extended by supplemental agreement and subject to compliance with all relevant rules and regulations

Terms: BYD Auto Finance shall provide BYD Precision with fixed deposit services as permitted by the China Banking and Insurance Regulatory Commission and in accordance with all relevant rules and regulations.

The interest rate for any fixed deposit service provided by BYD Auto Finance to BYD Precision shall be determined in accordance with the relevant benchmark interest rate(s) as set by the People's Bank of China. Such interest rate shall:

- (i) not be lower than the interest rate(s) offered by other mainstream commercial banks in the PRC for comparable deposits of similar nature during the same period and the interest rate(s) offered by BYD Auto Finance to any other successful applications of shareholders of BYD Auto Finance (other than BYD Precision) for comparable deposits of similar nature during the same period; and
- (ii) be in compliance with all rules and regulations set by the People's Bank of China and/or all other domestic rules and regulations of the PRC.

BYD Auto Finance and BYD Precision shall enter into individual specific agreements in respect of the transactions contemplated under the Framework Agreement. The terms of the individual specific agreements will be entered into in accordance with the terms of the Framework Agreement. In the event that there is any conflict between the terms of any such individual specific agreements and the terms of the Framework Agreement, the terms of the Framework Agreement shall prevail.

As the transactions contemplated under the Framework Agreement and the Annual Caps are subject to the approval of the Independent Shareholders and the transactions contemplated under the Framework Agreement would only fall within the permitted scope of business of BYD Auto Finance upon BYD Precision becoming its shareholder, the Framework Agreement will only become effective on the Effective Date.

BYD Precision is not under any obligation to place deposits with BYD Auto Finance pursuant to the Framework Agreement.

Alteration or Termination: Any alteration to the terms of the Framework Agreement shall be agreed by the parties in writing. The terms of the Framework Agreement shall remain in force unless otherwise agreed by the parties in writing.

In the event that the transactions contemplated under the Framework Agreement shall be terminated as a result of changes in rules and regulations or as requested by relevant regulatory authorities, or in the event that BYD Auto Finance is no longer permitted by the China Banking and Insurance Regulatory Commission to provide deposit services or becomes in violation of any rules and regulations in respect of the transactions contemplated under the Framework Agreement, BYD Auto Finance shall return any deposits placed by BYD Precision and, subject to permission by the relevant rules and regulations or regulatory authorities, pay BYD Precision any interest accrued thereon.

Annual Caps under the Framework Agreement

The proposed Annual Caps in respect of the maximum daily balance of deposit, inclusive of interest receivable by BYD Precision accrued thereon, have been determined after taking into account of the Group's liquidity and working capital position at the relevant time, as well as the amount of deposits that the Group has placed in commercial banks in the past two years.

The proposed maximum daily balance of deposit, inclusive of interest receivable by BYD Precision accrued thereon, placed by BYD Precision with BYD Auto Finance for the term of the Framework Agreement are as follows:

	From the Effective Date to 31 December 2021 (RMB)	From 1 January to 31 December 2022 (RMB)	From 1 January to 31 December 2023 (RMB)
Maximum daily balance of deposit during the year/period	4,000,000,000	6,500,000,000	8,500,000,000

Such maximum daily balance of deposit represents such maximum amount of total outstanding balance of cash that BYD Precision can have in its account with BYD Auto Finance at any point in time and is applicable for each day during the relevant period/year. In determining whether such cap has been exceeded on any given day, the largest outstanding balance of deposit in BYD Precision's deposit account with BYD Auto Finance on such day shall be referred to, without aggregating with the balance on the days before.

INTERNAL CONTROL MEASURES

To ensure that the interest rate offered by BYD Auto Finance under the Framework Agreement will be fair and reasonable and on normal commercial terms, the business department of the Group will obtain at least three quotations from mainstream commercial banks that have established business relationship with the Group in the PRC who are independent third parties to determine the prevailing interest rate(s) being offered by those institutions under ordinary course of business for comparable deposits of similar nature during the same period. Such reference interest rate(s) will then be reviewed and approved by the general manager of the business department of the Group prior to entering into each individual specific agreement for deposit services. BYD Precision shall also seek confirmation from BYD Auto Finance prior to entering into each individual specific agreement for deposit services that the interest rate(s) offered under such agreement is not lower than interest rate(s) offered to any other shareholder (as BYD Auto Finance is only permitted to accept deposits from shareholders) of BYD Auto Finance for comparable deposits of similar nature during the same period.

Furthermore, in addition to our 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, to ensure the transactions contemplated under the Framework Agreement do not exceed the Annual Cap(s), the business department 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 transactions incurred or to be incurred under the Framework Agreement is expected to reach the relevant Annual Caps, the business department 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 Cap(s) is required, report the particulars to the Board and hold a Board meeting for considering the matters thereabout to ensure compliance with the requirements under the Listing Rules.

The Company also arranges compliance trainings for the Directors, 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.

To ensure that BYD Precision's deposits with BYD Auto Finance are secure, the Group will strengthen its monitor over the business of BYD Auto Finance in accordance with its internal control policies.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

The transactions contemplated under the Framework Agreement forms part of the treasury activities of the Group and BYD Precision will be able to benefit from the placing of deposits at a rate no less than the rate(s) mainstream commercial banks in the PRC may offer, thereby maintaining or improving the Group's rate of return on funds.

As at 31 December 2020, the Group had cash and bank balances of approximately RMB3,465,889,000. The transactions contemplated under the Framework Agreement will enable the Group to enhance the efficiency of its use of available cash. All deposit services provided by BYD Auto Finance will be on normal commercial terms.

All Directors of the Company (excluding independent non-executive Directors of the Company who will form their view after considering the advice of the Independent Financial Adviser) have confirmed that the Framework Agreement and the transactions contemplated thereunder have been subject to arm's length negotiations between the parties and are entered into by the Group in the ordinary and usual course of business and on normal commercial terms, and the relevant terms of the Framework Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP AND BYD AUTO FINANCE

The Company and the Group

The Company is incorporated under the laws of Hong Kong with limited liability whose shares are listed on the Stock Exchange. Approximately 65.76% of the equity interests of the Company is held 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 high-end platform-based manufacturing enterprise, providing world renowned customers with innovative 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, with products covering four major areas including smartphone and PC, new intelligent product, automotive intelligent system and medical and health.

BYD Auto Finance

BYD Auto Finance is a company incorporated in the PRC with limited liability. BYD Auto Finance is principally engaged in the business of auto financing lease, auto loan, issuance of financial bonds and car finance consulting agency. BYD Auto Finance is a financial institution regulated by the China Banking and Insurance Regulatory Commission. The principal business of BYD Auto Finance includes providing customers who purchases automobiles of BYD brand with loan services. BYD Auto Finance is also permitted to accept fixed deposits from its shareholders. As at the date of this announcement, the total registered capital of BYD Auto Finance amounts to RMB1,500,000,000 which is fully paid up.

Reference is made to the Company's announcement dated 16 April 2021 in respect of the transfer of 3% of the total registered capital of BYD Auto Finance by BYD to BYD Precision. The said transfer is in progress as at the date of this announcement and upon completion of the relevant business registration process, BYD Auto Finance will be owned as to 77% by BYD, 20 % by Bank of Xi'an Co., Ltd* (西安銀行股份有限公司) and 3% by BYD Precision. BYD, a controlling Shareholder of the Company, is a joint stock company incorporated in the PRC with limited liability whose shares are listed on the Stock Exchange and the Shenzhen Stock Exchange. Bank of Xi'an Co., Ltd is a company listed in the Shanghai Stock Exchange and the controlling shareholder of Bank of Xi'an Holding Company Limited is the People's Government of Xi'an City.

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DEFINITIONS

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

“Annual Caps”	annual cap(s) for the transactions contemplated under the Framework Agreement;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“BYD”	BYD Company Limited, 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 Small and Medium Enterprise Board of the Shenzhen Stock Exchange;
“BYD Auto Finance”	BYD Auto Finance Company Limited* 比亞迪汽車金融有限公司, a company incorporated in the PRC with limited liability, a subsidiary of BYD;
“BYD Group”	BYD and its subsidiaries (excluding, except where the context indicates otherwise, the Group);
“BYD Precision”	BYD Precision Manufacture Co. Ltd.* 比亞迪精密製造有限公司, a company incorporated in the PRC with limited liability and is wholly owned by the Company;
“Company”	BYD Electronic (International) Company Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on 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;
“Effective Date”	the date falling on the later of the day on which: (i) Independent Shareholders’ approval of the Framework Agreement having been obtained; and (ii) BYD Precision having become a shareholder of BYD Auto Finance and all relevant business registrations having been completed;
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, inter alia, the proposed Annual Caps and the Framework Agreement;
“Framework Agreement”	the agreement dated 14 May 2021 between BYD Precision and BYD Auto Finance in relation to the provision of deposit services by BYD Auto Finance to BYD Precision;

“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;
“Independent Financial Adviser” or “Dakin Capital”	Dakin Capital Limited, a corporation licensed to conduct Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and is the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the proposed Annual Caps;
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan);
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

* *for identification only*

By order of the Board of
BYD Electronic (International) Company Limited
Wang Nian-qiang
Director

Hong Kong, 14 May 2021

As at the date of this announcement, the Board consists of Mr. WANG Nian-qiang and Mr. JIANG Xiangrong 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.